

The MTPF Guide

**A Guide for the Preparation of
Medium Term Development & Operational
Priorities and Financial Framework
by Local Authorities in Sri Lanka**

Volume III - Financial Manual

FCM

Federation of Canadian Municipalities

Fédération canadienne des municipalités

MCP 

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Canada/Sri Lanka Municipal Cooperation Program

The Canada/Sri Lanka Municipal Cooperation Program is undertaken with the financial support of the Government of Canada provided through the Canadian International Development Agency (CIDA).

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**A Guide for the Preparation of
Medium Term Development & Operational Priorities
and Financial Framework
by Local Authorities in Sri Lanka**

February 2008

Volume 3 – Medium Term Financial Planning Workbook

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Programme de coopération municipale Canada/Sri Lanka

The MTPF Guide

The MTPF Guide was designed to assist local authorities (LAs) in Sri Lanka in formulating their Medium Term Development & Operational Priorities and Financial Frameworks (MTPF). The MTPF will set out the LA's priorities and actions to be implemented within a financial framework over the period 2008-2012.

The Guide is presented in three volumes.

- Volume 1 – The MTPF Manual provides guidance to LAs on how to prepare the MTPF. The Manual sets out the key phases in the preparation of the MTPF, the steps within each phase, and the specific activities and tasks to be completed in each step.
- Volume 2 – The MTPF Workbook provides sample tools to support the execution of activities and formats for documenting information. The Workbook was designed to be used in conjunction with the MTPF Manual.
- Volume 3 – The Medium Term Financial Planning Workbook provides directions, formats and tables to support the execution of the financial components of the MTPF.

The MTPF Guide is intended to serve as a resource for preparing the MTPF rather than as a prescription that has to be followed rigidly. LAs can and should adapt the tools and formats to suit their local conditions.

Acknowledgements

The preparation of this MTPF Guide would not have been possible without the active support of a large number of Canadian and Sri Lankan participants who contributed their time and shared their knowledge. The Federation of Canadian Municipalities and the International Centre for Municipal Development would like to acknowledge the contributions of: Mr. D. P.

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Contents

The MTPF Guide	i
Contents	i
Introduction	3
How to Use the MTPF Guide	3
The Financial Planning Workbook	4
Overview of the MTPF and Annual Budget Process	5
Phase 1: Develop Preliminary Priorities for Community Workshops	7
Overview	7
Step 1. Get Ready to Prepare the MTPF	7
Step 2: Information Collection, Analysis, and Development of Preliminary Priorities for Community Workshops	8
Phase 2: Plan, Organize and Conduct Community Workshops to Prepare List of Draft MTPF Priorities	10
Overview	10
Step 3. Plan and Organize Community Workshops	11
Step 4. Conduct Community Workshops and Prepare List of Draft MTPF Priorities	12
Phase 3: Prepare and Adopt the MTPF	13
Overview	13
Step 5. Develop and Establish Parameters for MTPF	16
Activity 1: Prepare Medium Term Revenue and Expenditure Forecast	18
Activity 2: Finalize Priorities by Programs for the MTPF	28
Activity 3: Establish Revenue and Expenditure Targets for Each Program and Service	33
Activity 4: Obtain Council Approval for MTPF Parameters	36
Activity 5: Provide Instructions to Department Heads for Preparing Departmental Plans and Estimates	38
Step 6: Formulate Development & Operational Plans and Estimates	43
Step 7: Prepare the Medium Term Financial Framework	44
Step 8: Assemble and Process the Draft MTPF	45
Step 9: Conduct Public Information Meetings on Draft MTPF	47
Step 10: Obtain Council Approval for the MTPF	48
Appendix A: Microsoft Excel Skills	52
Appendix B: Guidelines to Building a Financial Framework	55
Appendix C: Budget Control	68
Appendix D: Manual Budget Preparation	70
Appendix E: GL Inquiry Spreadsheet	75
FCM – Canada/Sri Lanka Municipal Cooperation Program	i

Appendix F: MTPF Budget Calendar	77
Appendix G: Glossary	81

Introduction

How to Use the MTPF Guide

All three volumes of the MTPF Guide are organized according to 10 steps that are grouped into three key phases in the preparation of the MTPF.

- Phase 1: Develop Preliminary Priorities for Community Workshops (Steps 1 and 2)
- Phase 2: Plan, Organize and Conduct Community Workshops to Prepare List of Draft MTPF Priorities (Steps 3 and 4)
- Phase 3: Prepare and Adopt the MTPF (Steps 5 to 10)

For easy navigation, the heading of each page in the Manual and the Workbooks indicates the Step, Activity and Task number.

This symbol in the MTPF Financial Planning Workbook (Volume 3) indicates that there is relevant reference material or further information available in the MTPF Manual (Volume 1) or the MTPF Workbook (Volume 2).



The Financial Planning Workbook

The Financial Planning Workbook (Volume 3 of the MTPF Guide) focuses on Phase 3: Prepare and Adopt the MTPF (Steps 5 – 10). It provides a method for the Chief Accountant to build a financial framework using spreadsheets that will produce a 5-year financial plan for Council's approval. The requisite skills in Microsoft Excel are outlined in Appendix A and it is recommended that training commence early for individuals with Financial Services directly involved in the preparation of the budget documents, monthly trial balances (account balances) and/or providing computer software support for the budget accountant.

In the event the local authority Finance department does not have access to personal computers, Appendix D outlines a manual approach to preparing a 5-year financial plan.

This workbook covers:

- An overview of MTPF Phase 1 (steps 1 & 2) and Phase 2 (Steps 3 & 4)
- A financial framework using electronic spreadsheets to capture financial accounting information and produce the financial reports required in Phase 3 (Steps 5-10)
- Further details on steps 5 – 10 are provided in the appendices.

Phase 3

- | | |
|---------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Step 5 | Introduction to the 'main table', forecasting worksheets, financial framework for the MTPF Staff Team, Council reports and Instructions and templates for the Department Heads |
| Step 6 | Sample worksheets for Department Heads in preparing their detailed plans and estimates |
| Step 7 | Balancing a 5-Year Financial Plan |
| Step 8 | Financial reports for the Draft MTPF document:
- 5-Year Development and Operational Plans
- 5-Year Financial Plan |
| Step 9 | Financial reports and charts for the public information meeting |
| Step 10 | Final MTPF document
- Financial reports
- Sample bylaw with 5-Year Financial Plan |

Overview of the MTPF and Annual Budget Process

The MTPF sets out the LAs' priorities and actions to be implemented within a financial framework over a five year period. These priorities are linked to specific deliverables that are to be achieved through phased activities over firm timelines which are determined in the financial plan. These priorities, deliverables, activities and timelines are established through People's Participation and cannot be radically altered unless there are compelling reasons to do so. Thus, the MTPF is an accountability tool for LAs.

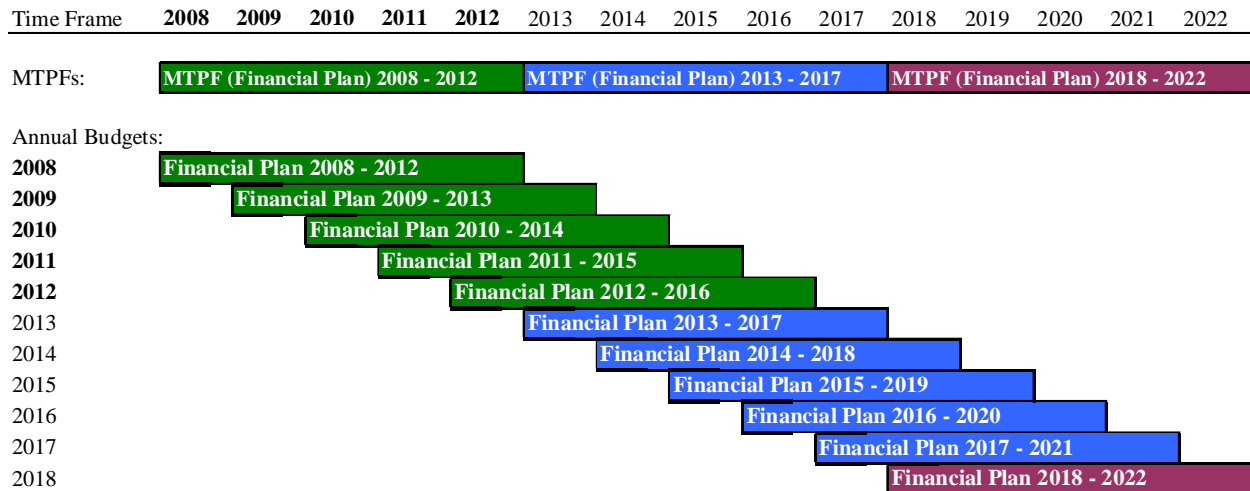
The financial plan also contains other financial and asset management planning requirements that can affect the financial outlook and ability to operate programs in both current and future budget periods. Accordingly, it is highly recommended that the 5-year financial plan used in the MTPF process be continued in the annual budget process (see diagram at the end of this section).

Some examples of financial and asset management planning requirements that support a five-year plan in the annual budget process, include:

- Assessment of one time and unpredictable revenue sources planned to sustain programs and services over multiple years;
- Verifying the revenue sources for services and capital acquisitions to determine that the services can be sustained and highlight future financial issues to be addressed;
- Verifying the benefits of projects and services to determine whether current and future costs remain feasible;
- Continual planning for the acquisition, maintenance, replacement, and retirement of capital assets;
- Evaluation of delivery alternatives for services and programs to ensure the best approach is selected for delivering a service over multiple years;
- Encourage 5-year outlooks by management and other decision makers in each and every annual budget process to give them an understanding of the future financial implications of the revenue and spending options;
- Development of management strategies to facilitate the continuation of planned program and financial goals effectively;
- The 5-year financial plan considers influences on future budgets and plans for the continual maintenance of the infrastructure and for planning betterments, even beyond the final year in the MTPF period;
- Subsequent MTPF plans will use the 5-Year Financial Plan provided in the previous annual budget process in lieu of an initial forecast.

Governments allocate scarce resources to programs and services through the budget process. As a result, it is one of the most important activities undertaken by governments. As the focal point for allocation of key resources, the budget process is a powerful tool. The quality of decisions resulting from the budget process and the level of their acceptance depends on the characteristics of the budget process that is used.

5-Year Financial Plans within the MTPF document and the Annual Budgets Illustrated



The MTPF sets out the community's priorities and a financial plan over a 5-year period. In each of the successive calendar years a new 5-Year Financial Plan should be adopted by council that embraces the priorities established under the MTPF document and which more closely reflects the current situations, funding opportunities and that provides a new 5-year outlook. As the MTPF document is established for a fixed 5-year period, the adoption of 5-Year Financial Plans annually (starting in the second year) will extend beyond the MTPF period.

The portion of the annual 5-Year Financial Plan that extends beyond the fixed MTPF period is essential as it ensures the continued development of management strategies to facilitate the continuation of planned program and financial goals effectively.

Phase 1: Develop Preliminary Priorities for Community Workshops

Overview

The priorities in the MTPF are set through People’s Participation. The MTPF provides the local authority a framework within which it can set out targets for improving its operations, services and the mobilization of local revenues and external funding.

The MTPF is a firm Perspective Plan, and its priorities are reviewed every five years. Minor adjustments may be made each year as part of the annual budget consultation processes of the LA. It is important that any significant adjustments be made only for demonstrated compelling reasons and after due consultations.

Phase 1 of the MTPF includes Steps 1 and 2.



Step 1. Get Ready to Prepare the MTPF



The purpose of Step 1 is to get organized to prepare the MTPF.

The five activities are:

- Appoint the MTPF Staff Team
- Constitute the MTPF Activity Team
- Develop the MTPF Work Schedule
- Establish Communications Protocols
- Finalize the Logistical Arrangements

See the MTPF Manual (Volume 1) for further information on Step1 activities.


The department head positions form the core of the MTPF Staff Team and perform the role of a project steering committee. Senior technical supervisory staff from each department forms the MTPF Activity Team and are required to carry out the main activities and tasks.




Role of the Financial Services Department [Phase 1, Step 1]

- Chief Accountant will be appointed to the MTPF Staff Team
- Chief Accountant may appoint a finance staff representative to the MTPF Activity Team
- It is critical for the development of a financial framework in MS Excel, that the Chief Accountant seek out options for training in MS Excel for the finance team assigned to work on the budget spreadsheets. As a minimum, the budget accountant and one computer operator should ensure they have the requisite MS Excel skills outlined in Appendix A [Level I & II] for the next step.

It is suggested that a larger group of finance team members also receive Excel Level I training described in Appendix A as permitted by scheduling and budget constraints.



Step 2: Information Collection, Analysis, and Development of Preliminary Priorities for Community Workshops



The purpose of Step 2 is to describe the key characteristics of the LA and provide a status report on the public infrastructure and services delivered.

The four activities are:

- Prepare Local Authority Profile and Trends
- Assess the Implications of Other Initiatives on the MTPF
- Obtain or Prepare Population Forecasts and Assess Implications for Services
- Select Preliminary Priorities for Community Workshops

See the MTPF Manual (Volume 1) for further information on Step 2 activities.



Role of the Financial Services Department [Phase 1, Step 2]

- In describing the economic base of the local authority [Step 2, Activity 1 Task 4], the Chief Accountant may provide an update on the top 10 revenue contributors to the local authority. If the Chief accountant is not already keeping watch on these key contributors, it should be noted as a suggested practice. A significant change in activities of major contributors to the local authority may adversely affect the local authority's operations.
- The Chief Accountant may provide an overview of Local Revenues and Expenditures [Step 2, Activity 1 Task 8] using either a manual or the prescribed spreadsheet approach.

1. Manual Approach

Gather the prior year annual budget books and prepare the tables 1 through 12 provided in the MTPF Workbook (Volume 2) as specified under Step 2, Activity 1, Task 8.



2. Spreadsheet Approach [Requires Level I & II skills – See Appendix A]

- a) Record prior years' trial balances (account balances) into the 'main table' found in the spreadsheet 'GL.xls', which serves as the base for the preparation of a financial framework and all subsequent financial reporting [see Appendix A for Excel level 1 training skills required].
- b) Prepare the tables 1 through 12 specified under Step 2, Activity 1 Task 8 in the Volume 2 Workbook in a spreadsheet using a data link and dsum() functions to return values in the different reporting worksheets. [see Appendix A for Excel level 2 training skills required].

- If the prescribed spreadsheet method is adopted, the Chief Accountant would assign the task of recording monthly trial balance (account balances) into the main table in the file 'GL.xls'. The data required for recording into the 'main table' is found in the local authority's manually prepared revenue and expenditure ledgers for the period.
- The Chief Accountant may provide an update of initiatives from senior governments, foreign aid and other agencies that impact the local authority [Step 2, Activity 2 Tasks 1-4]. If records to facilitate this are not already kept and an active file system, the Chief Accountant may wish to initiate a system by which files on each contributing organization are maintained in a brought forward file system. The object is to stay abreast of funding opportunities and the requirements of the local authority for these funds.
- Priorities are classified by the existing account groupings of programs and services provided in the chart of accounts. The Chief Accountant can clarify these divisions for the tables referred to in the Volume 2 Workbook - Step 2, Activity 4 'Preliminary Priorities by Program Area'.
- The Chief Accountant may be engaged in the selection of the preliminary priorities for the community workshop to ensure senior organizational perspectives and concerns are taken into account in the selection of priorities [Step 2, Activity 4, Task 3].
- The Chief Accountant may be involved when applying criteria to the initial priorities for each service; particularly, with regard to the economic and fiscal sustainability criteria [Step 2, Activity 4, Task 3].
- Chief Accountant may establish the appropriate account codes with an estimate for tracking the cost of community workshops (a detailed budget will be provided in Step 3) and any other costs related to the MTPF project.
- Chief Accountant may review additional training opportunities for the Budget Accountant and Computer Operator as it pertains to in MS Excel Level II & III, described in Appendix A.

The training of a larger group of finance team members is also suggested– particularly those involved in entering trial balance (account balance) information into the main table found in the spreadsheet 'GL.xls' [Appendix A: Level I training].

Phase 2: Plan, Organize and Conduct Community Workshops to Prepare List of Draft MTPF Priorities

Overview

Phase 2 includes steps 3 and 4.

See MTPF Manual (Volume 1, Phase 2, Steps 3 and 4) for further details on the guiding principles for successful community engagement.



Guiding Principles for Community Engagement

- Inclusive not Exclusive Participation
- Participant Support
- Purpose Driven
- Time and Financial Constraints
- Communication
- Accessibility and Adaptability
- Access to Information
- Access to Decision Making
- Appreciation and Respect for Diverse Interests

Role of the Financial Services Department [Phase 2, Steps 3 & 4]

- The Chief Accountant reviews the detail budget provided for conducting the workshops and verifies the funding sources proposed with the draft MTPF priorities [Step 3, Activity 1]; Council's approval is required before proceeding with the next steps [Step 3, Activity 3]
- The Chief Accountant will require a list of Draft MTPF Priorities [Step 4, Activity 2] following the Community Workshops for the involvement required in Step 5 activities.
- Additionally, the Chief Accountant can:
 - monitor the work on recording prior years' trial balances into the 'main table'
 - review progress on the MS Excel training initiative required to build the financial framework, and
 - consider the medium term revenue and expenditure forecasts – specifically, the ten questions proposed in Step 5, Activity 1.



Step 3. Plan and Organize Community Workshops



The purpose of Step 3 is to plan for conducting Community Workshops, obtain Council Approval for the Plan, and then organize and schedule the Community Workshops. The four activities are:


- Prepare a Plan for Conducting Community Workshops
- Prepare Display and Presentation Materials for the Community Workshop
- Obtain Council Approval for Plan and Materials
- Organize and Schedule the Workshops

See details on Community Workshops in MTPF Manual (Volume 1, Step 3) and MTPF Workbook (Volume 2, Step 3).




Role of the Financial Services Department [Phase 2, Step 3]

- The Chief Accountant will review the budget estimates received for conducting the workshops and the funding sources proposed with the draft MTPF priorities [Step 3, Activity 1] and ensure Council's approval of the same [Step 3, Activity 3].
- Additionally, the Chief Accountant may:
 - monitor the work on recording prior years' trial balances into the spreadsheet 'GL.xls'
 - review the progress of the MS Excel training initiatives
 - consider the ten questions for preparing the revenue and expenditure forecast, and become familiarized with the budget forecast templates provided for Step 5, Activity 1.



Step 4. Conduct Community Workshops and Prepare List of Draft MTPF Priorities



In Step 4, the two activities are:

- Conduct the Community Workshops
- Prepare a List of Draft MTPF Priorities

See MTPF Workbook (Volume 2) for the templates for both activities in Step 4.



Role of Financial Services Department [Phase 2, Step 4]

- The Chief Accountant requires a copy of the Draft MTPF priorities from the Community Workshops with respect to working with the MTPF Staff team in selecting final priorities and establishing their targets in Step 5 activities.
- Additionally, the Chief Accountant may:
 - review the work in recording prior years' trial balances into the spreadsheet 'GL.xls'
 - review the progress of the MS Excel training initiatives
 - plan to engage senior staff in discussion with regard to the ten questions used in preparing the revenue and expenditure forecasts [Step 5, Activity 1].

Phase 3: Prepare and Adopt the MTPF Overview

Phase 3 (Steps 5-10) focuses on the preparation and presentation of the 5-Year Financial Plan which supports established Community Priorities.

The MTPF Volume 3 Financial Planning Workbook presents an Excel spreadsheet model to develop a financial framework that provides financial reports, including a 5-Year Financial Plan to stakeholders. Please refer to the CD for the model spreadsheets.

There are four aspects to building a financial framework using this spreadsheet model, namely:

1. Record Historic Account Balance Information [Step 3 and 5; Appendix B.1]
The first phase requires past account balance information (revenue and expenditure trial balances) to be recorded into the main table found in the spreadsheet GL.xls [Step 5, Activity 1] – see Appendix B. Although only the annual final account balances with budgets are required for forecasting and in developing the annual budgets, the monthly account balances are required for the monthly budget variance reports used for budget control
2. Record Current Monthly Account Balance Information [Appendix B.2]
The current accounting records are maintained by updating the monthly account balances (revenue and expenditure trial balances) from the ledgers into the main table found in the spreadsheet GL.xls. The purpose of recording monthly account balance information is ‘budget control’, which is explained and illustrated in Appendix C.
3. Prepare 5-Year Forecasts [Step 5; Appendix B.3]
The 5-Year Forecasts prepared by the Chief Accountant in the forecast worksheets found in the spreadsheet GL.xls, captures the community priorities with revenue and expenditure targets established by the local authority. The 5-Year Forecast is transformed into a formal 5-Year Financial Plan adopted by the Council for the final MTPF document presented in Step 10. The 5-year financial plan must balance the priorities of the community with scarce resources to optimize service delivery. The forecast is used in the initial MTPF to provide a financial framework in which to finalize priorities and to provide parameters to the departments for their 5-year plans and estimates. Explanatory notes are added to the forecast worksheets at each stage in its transformation into the 5-Year Financial Plan. These notes authenticate the plan; other supporting documents can be indexed and kept in a binder and/or hyperlinked where applicable inside the forecast worksheets.
4. Prepare and Present Financial Reports [Steps 5 - 10; Appendix B.4]
Summary financial reports can be automatically prepared for the Council and other stakeholders through the use of additional spreadsheets.

Financial Planning Program (Spreadsheets, Reports, Documents and Instructions)

The model spreadsheet listed below (available on CD) provide summary financial information at the program, project and object header levels suitable for the requirements of this MTPF, budget control, published budget reports, and most other stakeholder reports.

File folders	Parent folder	Child folder
	C:\Budget\2008-2012	\GL \Reports \Documents \Instructions
	C:\Budget\2009-2013	\GL \repeat from above

GL files	C:\Budget\2008-2012\GL	Description
	GL.xls	Spreadsheet to record the trial balances (account balances) into the 'main table', and to build both the initial forecast and the final 5-year financial plan. Spreadsheet for Step 5 Activity 1, which is updated throughout Phase 3.
	Inquiry.xls	Spreadsheet used throughout the year to obtain detailed and summary account balance information for any accounting period. Please refer to Appendix E.
	AppendForecasts.xls	Spreadsheet used after the 5-Year Financial Plan is approved, to provide a single table with the final forecast (i.e. the approved budget) to be used to update the 'main table' in the file 'GL.xls'

Report files	C:\Budget\2008-2012\Reports	Description
	FinancialFramework.xls	Spreadsheet for Step 5, Activities 2, 3, 4
	DepartmentalInstructions.xls	Spreadsheet for Step 5, Activity 5, and Step 6
	FiveYearFinancialPlan.xls	Spreadsheet for Steps 8, 9 & 10
	BudgetVariance.xls	Spreadsheet providing monthly reports on actual to budget variances.

Software

A report writer such as the one found in MS Access works well with this spreadsheet model and is an appropriate tool for preparing account object detailed reports on a monthly basis. Accounting software designed and supported for local governments is required for transaction level reporting within account objects, which is beyond the scope of this workbook. The spreadsheets functions presented in this workbook increase productivity and complement accounting software solutions.



Step 5. Develop and Establish Parameters for MTPF



In step 5 of the MTPF process it is required to develop and establish the parameters for the MTPF. The parameters include the following,

- Revenue and Expenditure Forecast for the Local Authority
- Finalize Priorities by Program and Service
- Revenue and Expenditure Targets for each Program and Service
- Instructions to Department Heads for preparing Medium Term Operational Plans and Cost Estimates
- Instructions for preparing the Supplementary Estimates

This section introduces the spreadsheets to be used to complete the activities described in Volume 1, Step 5. In addition, it describes roles, timing, and gives further examples of what each of the five activities should achieve.

For further details on setting up the above mentioned parameters please refer to the MTPF Manual (Volume 1, Step 5).

An important aspect of Step 5 involve the creation of three spreadsheets namely,

- 1) GL.xls
- 2) FinancialFramework.xls
- 3) DepartmentalInstructions.xls

The purpose of setting up the above three spreadsheets is illustrated in the table below.

Spreadsheet name	Step 5, Activity #
1) GL.xls	Activity 1 - Revenue and Expenditure Forecast
2) FinancialFramework.xls	Activity 2 – Finalize Priorities by Program and Service Activity 3 – Establish Targets for each Program and Service Activity 4 – Obtain Council Approval for MTPF parameters
3) DepartmentalInstructions.xls	Activity 5 Provide Instructions to Department Heads for preparing Departmental Plans and Estimates Provide Instructions for preparing Supplementary Estimates

It is imperative that all the stakeholders have an understanding about the time frames in which key budget tasks, events and decisions will occur. It is useful to have a budget calendar prepared so that it will ensure all aspects of the budget process be taken into consideration and adequate timelines be provided to complete the tasks. (Please refer Appendix F on sample budget calendars).



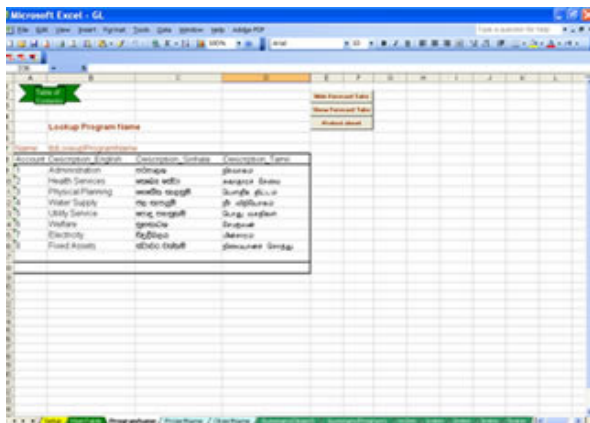
Activity 1: Prepare Medium Term Revenue and Expenditure Forecast

The first step in preparing the Medium term Revenue and Expenditure Forecast involves the setting up of the GL.xls file. The stages in which this is done are stated below.

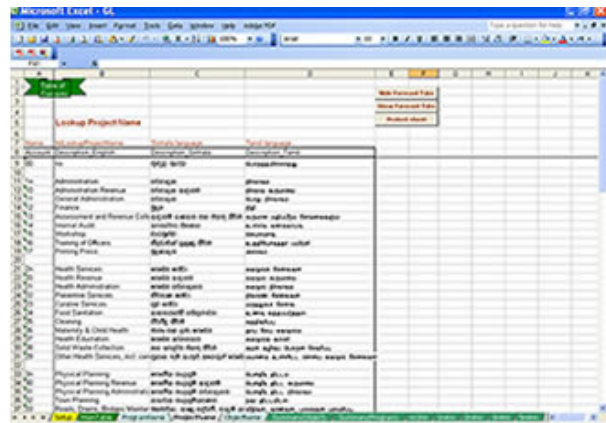
Step I – Setup the spreadsheet GL.xls for Activity 1

The letters GL in the file name ‘GL.xls’ stands for the General Ledger. The information in this file includes: chart of accounts, trial balances (monthly account balances), five-year forecast and approved annual budgets for all accounts. Only revenue and expenditure accounts are required in this spreadsheet.

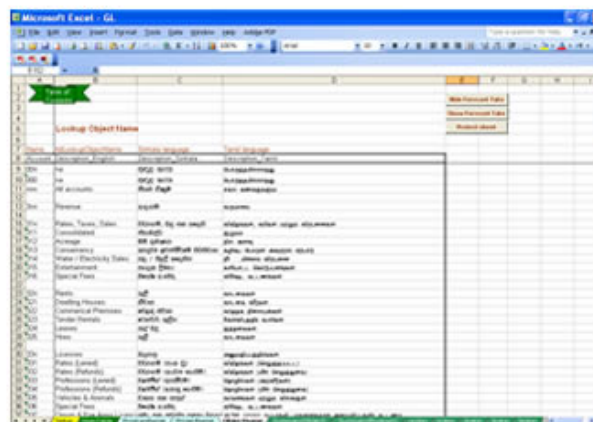
The chart of accounts should be setup in the “Program Name”, “Project Name” and “Object Name” worksheets of the GL.xls file.



Program Name



Project Name



Object Name

In the GL.xls model spreadsheet provided, the above worksheets can be accessed by clicking on the light blue colour tabs located at the bottom of the window.

For further details on this step please refer Appendix B: Guidelines to Building a Financial Framework:

Appendix B1. Record Historic Account Balance Information

- a) Setup accounts in the ‘Program Name’, ‘Project Name’ and ‘Object Name’ worksheets
- b) Record prior years revenue & expenditure account balances into the ‘main table’

Step II – Populate the “Main Table” with the historical account balances

After the accounts have been setup as mentioned in the previous step, the next step is to populate the columns in the ‘main table’ with historic monthly account balances (trial balances).

The screenshot shows an Excel spreadsheet with the following structure:

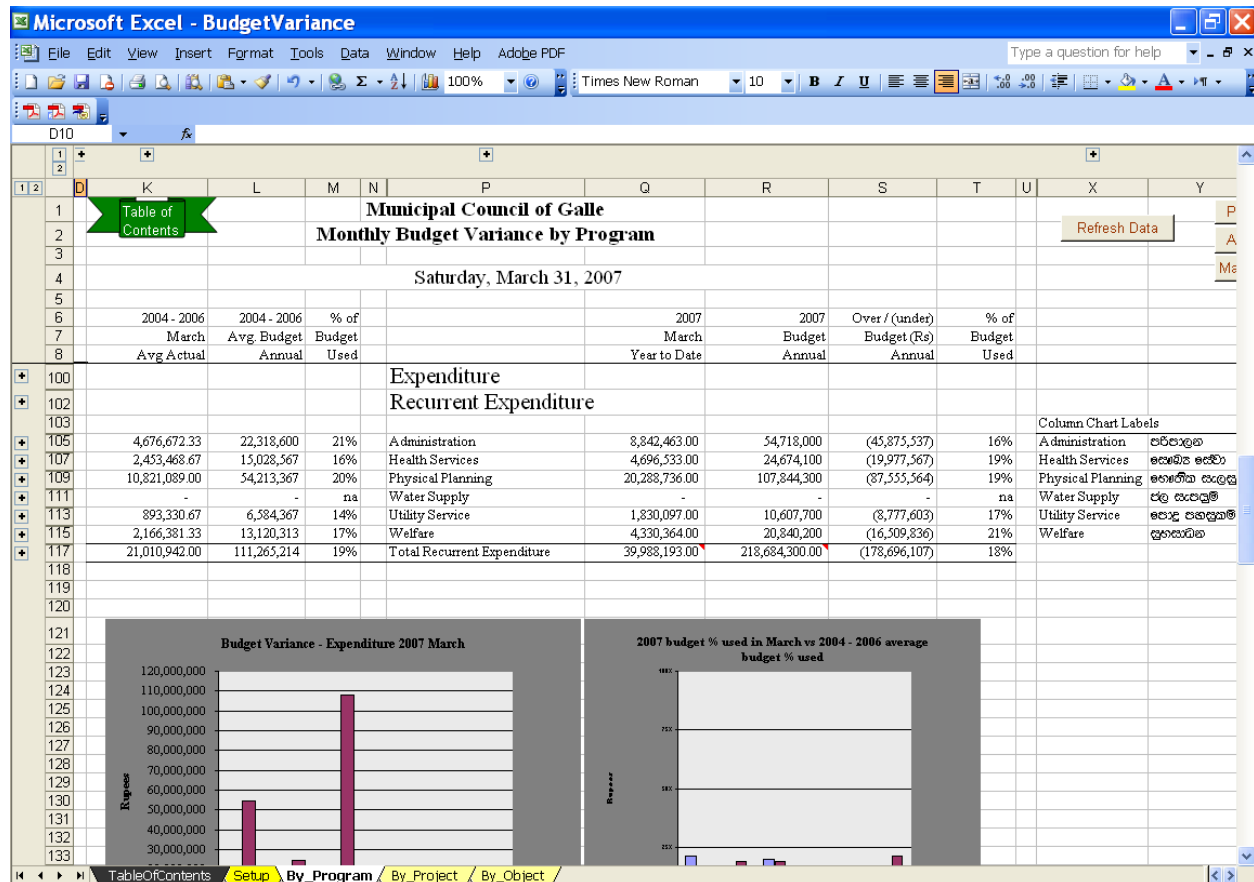
		CJ	CK	CL	CM	CN	
1							
2	Table of Contents						
3							
4							
5	Account Total						
6	0-0-000	na					
7	0-0-000	na					
8	0-0-000		na				
9							
10	Account	Description_English	2007AprAct	2007MayAct	2007JunAct	2007JulAct	2007Aug
683	3-3-479	Others	-	-	-	-	-
684	3-3-488	W & O.P Contributions	31,472.62	-	97,486.17	35,128.44	34,500.00
685	3-3-511	Furniture Fixtures, Office & Household Equipmen	-	-	-	-	-
686	3-3-512	Vehicles	-	-	-	-	-
687	3-3-513	Machinery & Equipment	-	-	-	-	-
688	3-3-514	Implements, Tools Instruments & Apparatus	-	-	-	-	-
689	3-3-517	Land Improvement & Structures Outlay	55,070.00	-	-	-	-
690	3-3-518	Communications Outlay (Roads & Telecommunica	-	-	-	-	-
691	3-3-528	Communications Outlay / (Roads & Tele commun	-	-	-	-	-
692	3-3-533	Long Term	-	-	-	-	-
693	3-4-411	Salaries & Wages	259,860.33	243,913.00	226,039.00	232,047.00	233,000.00
694	3-4-412	Overtime & Holiday Pay	58,401.34	54,090.41	38,981.09	44,685.20	46,400.00
695	3-4-413	Uniform Allowance	-	-	-	-	-
696	3-4-415	Special Allowance	33,061.68	32,258.42	32,491.78	30,741.78	43,400.00
697	3-4-416	Cost of Living Allowance	-	-	-	-	-
698	3-4-419	Other Allowances	-	-	-	-	-
699	3-4-421	Travelling Expenses - Local	-	-	-	-	-
700	3-4-422	Change of Station Travelling Expenses - Local	-	-	-	-	-

GL.xls

Main Table

**Step 5
Activity 1**

Rather than recording only final account balances (year end amounts) for each of the 3 previous years in the ‘main table’, the monthly account balances are recorded to accommodate budget variance reporting, which is covered in Appendix C. ‘Budget Controls’. Appendix B2 ‘Record Current Monthly Accounting Records’ explains the ongoing nature and the method of recording monthly account balances for each new accounting period.



BudgetVariance.xls

The accounting information for a 5-year financial plan is built in the GL.xls (general ledger) spreadsheet. For the accountant, familiarization with this spreadsheet is required early in the MTPF process.

An alternative method of setting up the GL.xls

Instead of creating the GL.xls file from scratch in a new Excel workbook, the Local Authorities are encouraged to use the model spreadsheets provided. This will greatly reduce the time and effort needed to setup the forecast tabs in the GL.xls file (The forecast tabs will be introduced later in this documentation).

Please follow the procedure below to incorporate your Local Authority’s chart of accounts to the Main Table worksheet of the GL.xls model spreadsheet.

Step 1

Open a new Excel workbook and paste the chart of accounts from the Main Table in the model GL.xls file into column B of the new workbook. In column A, type 'template' in front of all the account numbers copied from the GL.xls model spreadsheet. Place column headers 'Source' and 'Account' for columns A and B respectively.

	A	B	C
1	Source	Account	
2	Template	1-0-311	
3	Template	1-0-312	
4	Template	Etc....	

Step 2

Beneath the array of data in step 1, paste your own chart of accounts in column B and type 'New' in front of each account in column A.

	A	B	C
1	Source	Account	
2	Template	1-0-311	
3	Template	1-0-312	
4	Template	Etc..	
..	
1251	New	1-0-311	
1252	New	1-0-312	
1253	New	1-0-313	
1254	New	Etc.	
....	

Step 3

In cell C2 enter the =countif() function to identify the accounts that are unique to each set of data. Make sure all the account numbers are selected for the range in the 'Countif' function. After the Countif function is setup in the cell C2, double click on the small square at the bottom right corner of cell C2 to copy the function down to the rest of the array of data. You will get values 1 and 2 in column C. The number 1 represent unique accounts in each data set and 2 represent accounts that have been repeated in both data sets.

Step 5
Activity 1

	A	B	C
1	Source	Account	Countif
2	Template	1-0-311	=countif(\$B\$2:\$B\$2200,B2)
3	Template	1-0-312	2
4	Template	Etc..	...
..	
1251	New	1-0-311	2
1252	New	1-0-312	2
1253	New	1-0-313	1
1254	New	Etc.	...
....	

Step 4

Move into cell A1 and from the Menu, click on Data → Filter → AutoFilter. Then from the list box in column C select 1. This will list the account numbers that are unique to each data set ('template' and 'New' datasets).

	A	B	C
1	Source ▾	Account ▾	Countif ▾
2	template	1-0-311	2
3	template	1-0-312	2
4	template	1-0-369	1
5	template	1-0-345	1
6	New	1-0-246	1
7	New	1-0-311	2
8	New	1-0-312	2
9			

List Box in column C



Step 5

From the 'New' data set select the account numbers in column B and copy those account numbers. Go to Sheet 2 on the same workbook (Sheet 2 tab is located at the bottom of the page) and paste the copied accounts into column A.

Step 6

Go to Sheet 1 again and from the list box in column C select value 2. This will list the accounts that are included in both data sets. Select the account numbers from the template accounts and copy and paste those accounts below the data array in sheet 2.

Step 7

In sheet 2 select the accounts in column A and then go to the Menu Data → Sort. Sort the accounts in ascending order. Make sure revenue accounts are at the top. Then you can go to the Main table tab in GL.xls model spreadsheet and delete the account numbers starting from cell A11. Do not delete the account numbers in green near the top of the page.

	A	B	DE	DF	
1		Group column			
2		Ungroup column			
3		Lock cell(s)	Unlock cell(s)		
4		Calc-M F9	Protect sheet		
5		Calc-A	Hide Forecast		
	Account Total	Show Forecast			
6	1-0-3??	Administration Revenue	-	-	
7	1-0-33?	Licences	-	-	
8	1-0-332	Rates (Refunds)	-	-	
9					
10	Account	Description_English	2008JanAct	2008FebAct	
11	1-0-311	Consolidated	-	-	
12	1-0-316	Special Fees	-	-	
13	1-0-331	Rates (Levied)	-	-	
14	1-0-332	Rates (Refunds)	-	-	
15	1-0-333	Professions (Levied)	-	-	
16	1-0-334	Professions (Refunds)	-	-	
17	1-0-335	Vehicles & Animals	-	-	
18	1-0-336	Special Fees	-	-	
19	1-0-337	Opium & Fire Arms Licence Fee	-	-	
20	1-0-338	Pavement hawkers	-	-	
21	1-0-341	Registration, Certificates & Inspections Fees	-	-	
22	1-0-342	Emergency Charges	-	-	
23	1-0-343	Recoverable Charges	-	-	
24	1-0-344	Special Fees	-	-	
25	1-0-345	Traffic & Parking Fees	-	-	
26	1-0-351	Warrant Costs	-	-	
27	1-0-352	Fines - Penalties	-	-	
28	1-0-361	Interest	-	-	

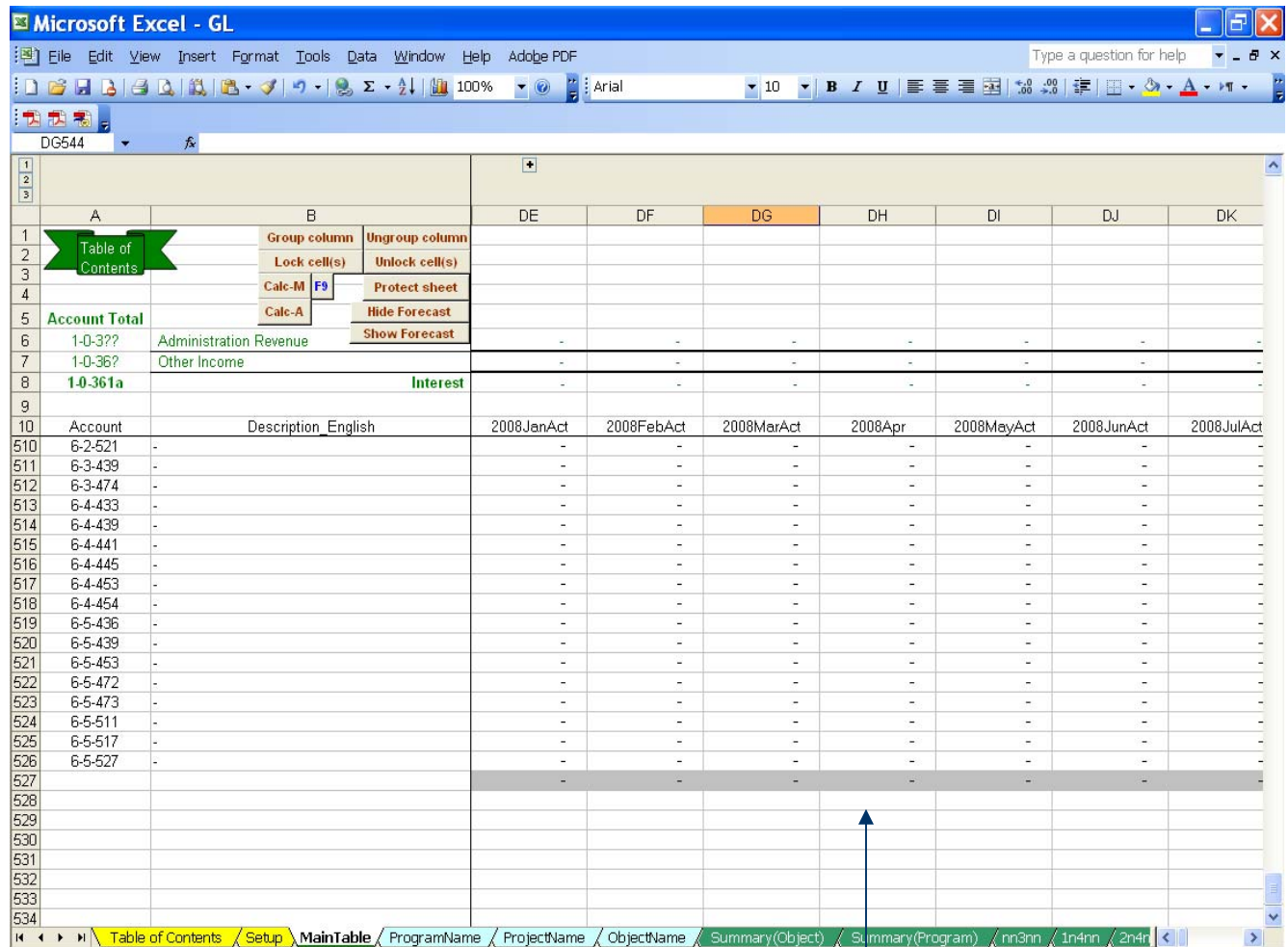
GL.xls

Step 8

After you have deleted the accounts in the Main table in GL.xls, copy the list of accounts in Sheet 2 of the new workbook and paste it in the Main table starting from cell A11. When you are pasting the array of accounts make sure that the number of accounts does not go over the row highlighted in Gray colour.

**Step 5
Activity 1**

MTPF Guide – Volume 3 – Financial Planning Workbook



GL.xls

Row highlighted in Gray

If your list of accounts does go over the Gray highlighted row, insert sufficient rows above the Gray row and paste the list of accounts from sheet 2.

You can now use the GL.xls model spreadsheet to enter account balances.

Forecast tabs in GL.xls

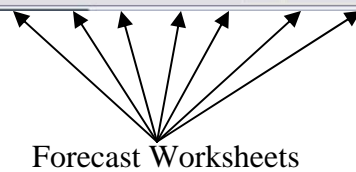
The spreadsheet file ‘GL.xls’ contains seven forecast worksheets (starting from nn3nn tab to nn5nn tab in the GL.xls workbook). These worksheets can be hidden to allow an assistant to update the main table (see Appendix B2) and not interfere with the accountant’s work in building the 5-year financial plan. Buttons to hide/show the forecast worksheets are located inside the setup, main table, ProgramName, ProjectName and ObjectName worksheets.

Forecast Worksheet showing the tabs and columns included in the model spreadsheet is illustrated in the below screen capture

The screenshot shows an Excel spreadsheet titled 'Your Local Authority 2008 - 2012 Five-Year Forecast'. The main data area is an 'Administration Program' forecast. The columns represent years from 2004 to 2012, with 2008-2012 labeled as 'Request'. The rows list various expenditure items under 'Recurrent Expenditure Administration'. A 'Table of Contents' tab is highlighted with a green arrow. The spreadsheet also includes a 'Final' column and percentage change indicators for each year.

	2004	2005	2006	2007	2008	2009	2010	2011	2012	Final
	Budget	Budget	Budget	Budget	Request	Request	Request	Request	Request	
Recurrent Expenditure Administration										
General Administration										
Personnel Emoluments										
1-1-411 Salaries & Wages	-	6,121,000	9,432,000	14,291,800	13,714,300	13,988,590	14,268,370	14,553,740	14,844,820	2%
1-1-412 Overtime & Holiday Pay	-	600,000	1,400,000	900,000	1,000,000	1,020,000	1,040,400	1,061,210	1,082,440	2%
1-1-413 Uniform Allowance	-	100,000	100,000	60,000	50,000	51,000	52,020	53,070	54,140	2%
1-1-418 Special Allowance	-	2,000,000	3,400,000	2,600,700	-	-	-	-	-	2%
1-1-416 Cost of Living Allowance	-	-	-	-	3,042,000	3,102,840	3,164,900	3,228,200	3,292,770	2%
1-1-419 Other Allowances	-	-	-	500,000	10,000	10,200	10,410	10,620	10,840	2%
Total Personnel Emoluments	-	8,821,000	14,332,000	18,352,500	17,816,300	18,172,630	18,536,100	18,906,840	19,285,010	11%
	2004: na	2005: na	2006: 62%	2007: 28%	2008: -3%	2009: 2%	2010: 2%	2011: 2%	2012: 2%	
	Notes:									
Travelling Expenses										
1-1-421 Travelling Expenses - Local	-	100,000	150,000	50,000	75,000	82,500	90,750	99,830	109,820	10%
1-1-422 Change of Station Travelling Expenses	-	10,000	10,000	1,000	1,000	1,100	1,210	1,340	1,480	10%
1-1-423 Travelling Expenses - Overseas	-	500,000	200,000	300,000	300,000	330,000	363,000	399,300	439,230	10%
1-1-424 -	-	-	-	-	-	-	-	-	-	
1-1-429 Others	-	-	-	408,000	-	-	-	-	-	
Total Travelling Expenses	-	610,000	360,000	759,000	376,000	413,600	454,960	500,470	550,530	
	2004: na	2005: na	2006: -41%	2007: 111%	2008: -50%	2009: 10%	2010: 10%	2011: 10%	2012: 10%	
	Notes:									

File: GL.xls



The tab names describe the accounts that are contained in the forecast worksheets. For example the tab 1n4nn, includes all recurrent expenditures (1n4nn) for the Administration program (1n4nn). The worksheet can be used with only MS Excel Level 1 knowledge, but to understand the functions and to add new accounts a Level 2 knowledge is desirable. Appendix B3 describes the functions used in the forecast worksheets.

All descriptions and historic account balances are automatically updated from the ‘main table’, using the Excel functions described in Appendix A. Four prior years budget figures and two prior years final account balances are provided for each account. The forecast worksheets are protected to prevent accidental changes to these values. In the event the main table contains an account with a balance which is not included in the forecast worksheet, a red light will appear in the subtotal line of the column affected in the forecast worksheet. The response is to unprotect the worksheet, insert a row for the new account number, copy/paste from the row above, record the new account number and press the Protect command button to protect the sheet.

The 5-year forecasts (requests) are highlighted in yellow and those cells are unlocked so the accountant can enter values into these cells. For each subtotal (account object header) there is a notes section. The size of the notes field can be increased by inserting rows under the Notes label.

The responsibility of the accountant is to go through every revenue and expenditure account (line by line) and provide the initial 5-year forecast following the guidelines provided in the Volume 3 Workbook: Phase 3 Activity 1. The accountant will watch the summary worksheets as the forecasts are entered to ensure the budget balances and the trends for each program and service are within acceptable ranges.

The following lists the contents of the worksheet tabs:

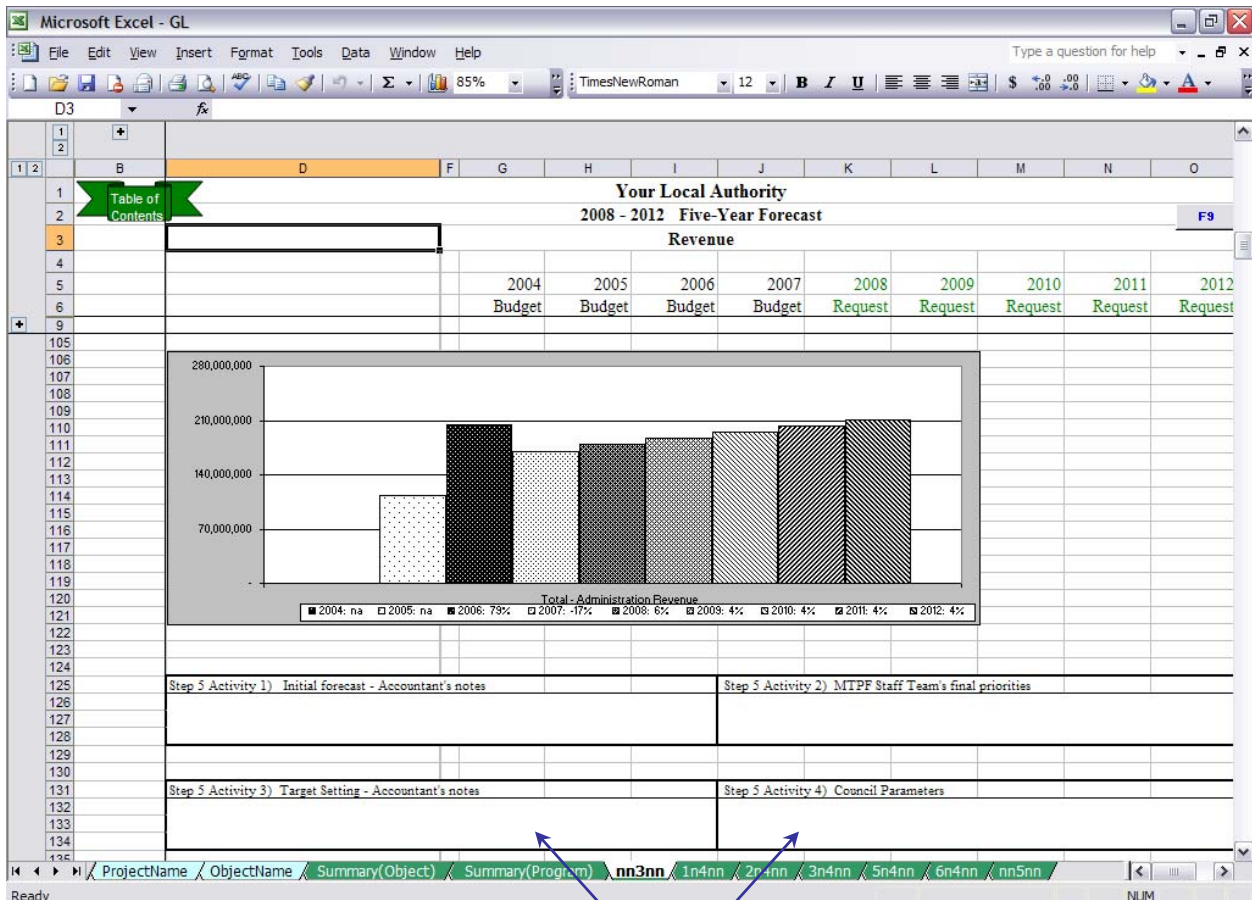
Worksheet Tab Name	Description
nn3nn	Revenue accounts for all programs
1n4nn	Administration program recurrent expenditures
2n4nn	Health program recurrent expenditures
3n4nn	Physical planning recurrent expenditures
4n4nn	Water supply recurrent expenditures
5n4nn	Utility recurrent expenditures
6n4nn	Welfare recurrent expenditures
nn5nn	Capital expenditures for all programs

Two additional summary worksheets are automatically generated based on the value entered into the forecast worksheets:

Worksheet (Tab) Name	Description
Summary(Object)	Report on forecasts by Object Header
Summary(Program)	Report on forecasts by Program

At the end of each project/service there are additional note sections, which follow the MTPF activities in transforming the forecast into a 5-Year Financial Plan. The Accountant should add comments in the 1st notes box with regard to the questions asked and answered in preparing the forecast. To increase the size of the notes box, insert additional rows.

The bar charts and the notes sections in the forecast worksheets are to be used throughout the MTPF process in transforming the Forecast into the final 5-Year Financial Plan.



File: GL.xls

Notes Section

Role of Financial Services Department [Step 5, Activity 1]

- Chief Accountant completes the 5-Year Forecast for the initial MTPF period. For subsequent MTPF cycles, the five-Year Financial Plan from the previous Annual Budget may serve as the initial forecast. The timing for this activity is January to March.



Activity 2: Finalize Priorities by Programs for the MTPF

The purpose of this activity is to review the list of Draft MTPF Priorities that were prepared following the Community Workshop (Step 4, Activity 2) against the Financial Forecast.

The MTPF Staff Team are to prepare the final MTPF Priorities and Targets in the context of the financial framework presented in the worksheets provided by the Chief Accountant established by the forecasts prepared in Step 5, Activity 1.

The file 'FinancialFramework.xls' includes four worksheets (produced below) to divide the task of setting Final Priorities into the following groups:

- Operating Accounts by Project
- Operating Accounts by Program
- Capital Accounts by Project
- Capital Account by Program

When completing the lists of final priorities, targets (Step 5, Activity 3) can also be identified.

Role of Financial Services Department [Step 5, Activity 2]

- Chief Accountant submits a financial framework in which the MTPF Staff Team can establish final priorities. The timing for this activity is in the month of May.

Operating Expenditure by Project – Final Priorities and Targets

Your Local Authority
2008 - 2012 Financial Framework by Project
with 2007 Budget Comparison

	2007 Budget	2008 Request	2009 Request	2010 Request	2011 Request	2012 Request
Recurrent Expenditure						
Administration						
Administration - General Administration						
1.1-41? Personnel Emoluments	18,352,500	17,816,300	18,172,630	18,536,100	18,906,840	19,285,010
1.1-42? Travelling Expenses	759,000	376,000	413,600	454,960	500,470	550,530
1.1-43? Supplies & Requisites	1,360,000	958,500	1,054,350	1,159,790	1,275,780	1,403,370
1.1-44? Repairs & Maintenance of Capital Assets	250,000	250,000	275,000	302,500	332,750	366,030
1.1-45? Transportation, Communication, Utility & other Services	3,275,000	2,376,000	2,613,600	2,874,960	3,162,470	3,478,740
1.1-46? Interest Payments, Dividends & Bonuses	-	-	-	-	-	-
1.1-47? Grants, Contributions & Subsidies	140,000	185,000	203,500	223,850	246,240	270,880
1.1-48? Pensions, Retirement Benefits & Gratuities	3,085,000	2,036,000	2,239,600	2,463,560	2,709,930	2,980,940
1.1-4?? Total Administration - General Administration	27,221,500	23,997,800	24,972,280	26,015,720	27,134,480	28,335,500
		2008: -12%	2009: 4%	2010: 4%	2011: 4%	2012: 4%

Final Priorities (MIPF Step 5 Activity 2)	Year	Targets (MIPF Step 5 Activity 3)	Comments
1.			
2.			
3.			
4.			
5.			

File: FinancialFramework.xls

By Project

Set Final Priorities

Enter Targets for
the respective year

Add Comments

Operating Expenditure by Program – Final Priorities and Targets

The screenshot shows an Excel spreadsheet titled "Your Local Authority 2008 - 2012 Financial Framework by Program with 2007 Budget Comparison". The table includes columns for years 2007 (Budget) and 2008-2012 (Request). A red box highlights the "Total Administration" row, which shows values of 54,718,000 for 2007 and 50,151,000 for 2008, with percentage changes of -8% and 7% for 2009, 2010, 2011, and 2012 respectively. An arrow points from this row to the text "By Program" below the image.

	2007 Budget	2008 Request	2009 Request	2010 Request	2011 Request	2012 Request
50 Recurrent Expenditure						
53 Recurrent Expenditure						
56 Administration						
58 1-1-4?? General Administration	27,221,500	23,997,800	24,972,280	26,015,720	27,134,480	28,335,500
60 1-2-4?? Finance	11,199,200	13,351,200	14,686,320	16,154,980	17,770,570	19,547,740
62 1-3-4?? Assessment and Revenue Collection	14,996,700	11,371,200	12,508,320	13,759,200	15,135,240	16,648,880
64 1-4-4?? Internal Audit	800,600	1,010,800	1,111,880	1,223,100	1,345,450	1,480,030
66 1-5-4?? Workshop	-	-	-	-	-	-
68 1-6-4?? Training of Officers	500,000	420,000	462,000	508,200	559,020	614,940
70 1-7-4?? Printing Press	-	-	-	-	-	-
72 1-?-4?? Total Administration	54,718,000	50,151,000	53,740,800	57,661,200	61,944,760	66,627,090
		2008: -8%	2009: 7%	2010: 7%	2011: 7%	2012: 8%

File: FinancialFramework.xls

By Program

Capital Expenditure by Project – Final Priorities and Targets

Your Local Authority								
2008 - 2012 Financial Framework by Project								
with 2007 Budget Comparison								
	2007	2008	2009	2010	2011	2012		
	Budget	Request	Request	Request	Request	Request		
12	Capital Expenditure							
13								
15	Administration							
16								
18	Administration - General Administration							
20	1-1-51?	New Equipment Outlay, Land Improvements & Structure Outla	100,000	-	-	-	-	
22	1-1-52?	Rehabilitation, Equipment Land Rehabilitation & Rehabilitation S	-	-	-	-	-	
24	1-1-53?	Loan Repayments	-	-	-	-	-	
26	1-1-5??	Total Administration - General Administration	100,000	-	-	-	-	
27			2008: -100%	2009: na	2010: na	2011: na	2012: na	
30	Final Priorities (MTPF Step 5 Activity 2)		Year	Targets (MTPF Step 5 Activity 3)		Comments		
31	1.							
32								
34	2.							
35								
37	3.							
38								
40	4.							
41								
43	5.							
44								
46								
47								
48								

FinancialFramework.xls

By Project

Capital Expenditure by Program – Priorities and Targets

Your Local Authority 2008 - 2012 Financial Framework by Program with 2007 Budget Comparison						
	2007 Budget	2008 Request	2009 Request	2010 Request	2011 Request	2012 Request
Capital Expenditure						
Administration						
1-1-5?? General Administration	100,000	-	-	-	-	-
1-2-5?? Finance	25,100	15,000	-	-	-	-
1-3-5?? Assessment and Revenue Collection	-	-	-	-	-	-
1-4-5?? Internal Audit	-	-	-	-	-	-
1-5-5?? Workshop	-	-	-	-	-	-
1-6-5?? Training of Officers	-	-	-	-	-	-
1-7-5?? Printing Press	-	-	-	-	-	-
1-7-5?? Total Administration	125,100	15,000	-	-	-	-
		2008: -88%	2009: -100%	2010: na	2011: na	2012: na

Final Priorities (MTPF Step 5 Activity 2)	Year	Targets (MTPF Step 5 Activity 3)	Comments
1.			
2.			
3.			
4.			
5.			

File: FinancialFramework.xls

By Program



Activity 3: Establish Revenue and Expenditure Targets for Each Program and Service

The Medium Term Revenue and Expenditure Targets for each Program and Project/Service are completed in the worksheets provided in Step 5, Activity 2.

The Final Priorities and Targets completed on the worksheets are to be recorded back into the spreadsheet FinancialFramework.xls for presentation to Council for their approval (Step 5, Activity 4).

The Chief Accountant must also record the Final Priorities and Targets into the corresponding Program, Project and Services sections within the forecast worksheets. The forecast worksheets have 'Accountant's Notes' sections as shown in the screen capture below. These Accountant's Notes on Final Priorities and Targets are integral for the development of the 5-Year Financial Plan in the forecast worksheets in the file 'GL.xls'.

Given below are some Target Examples

Step 5, Activity 3 Examples:

Priority: Resurface roads in high traffic areas

Target: Kotte Road: Between PitaKotte and Etul Kotte (400 meters) - 2008

Target: Galle Road: Between Colpetty and Bambalapitiya (600 meters) - 2009

Priority: Improve health inspection at public food outlets

Target: Increase Public Health Officers by 1 ½ full time positions – 2008

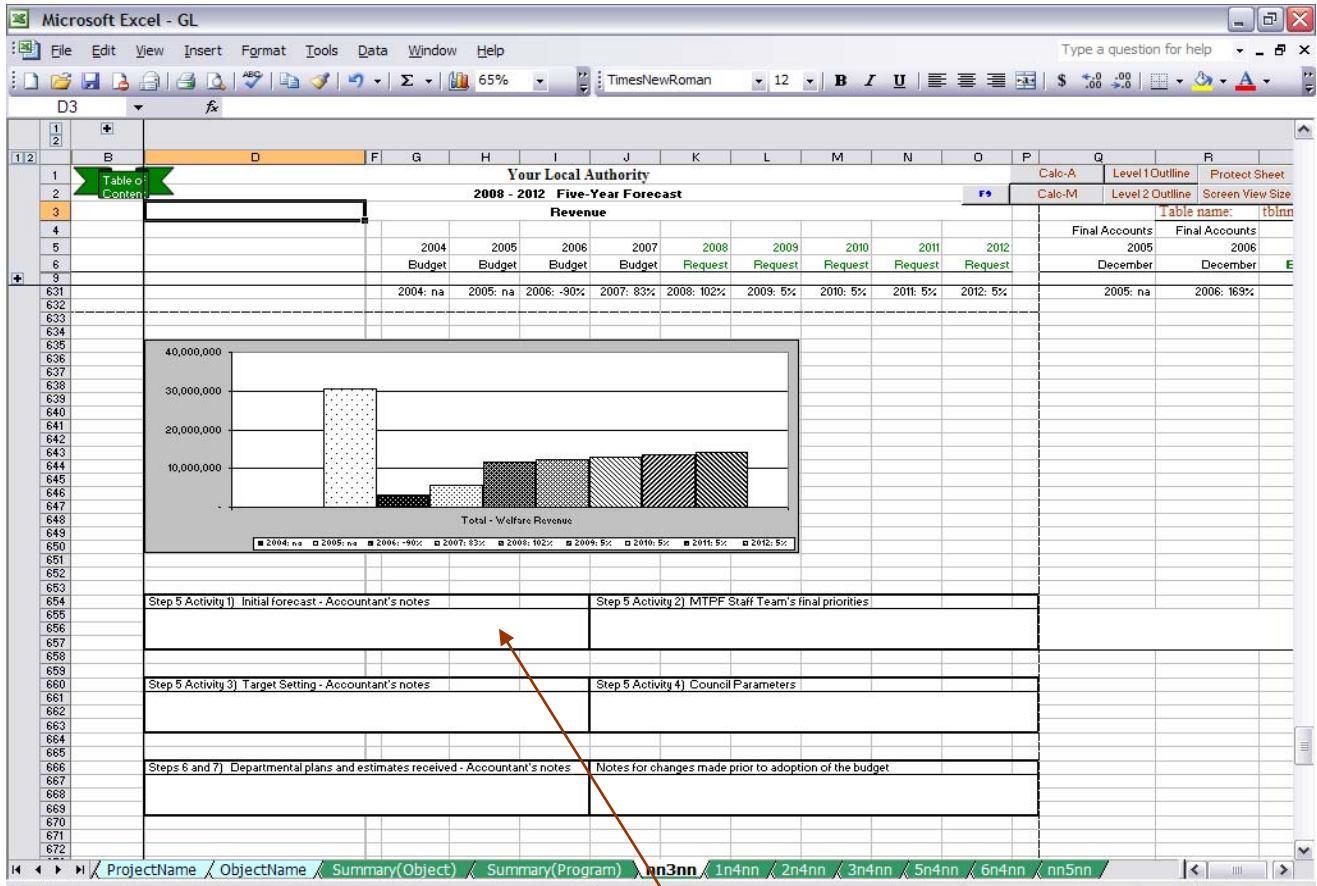
Priority: Improve garbage services and provide recycling

Target: Purchase 1 additional tractor and trailer – 2009

Target: Employ two additional garbage collectors – 2009

Target: Compost production and resale of compost in pilot neighborhoods - 2010

Notes Section provided for Final Priorities and Targets in the Forecast Worksheets



File: GL.xls

Accountant's Notes

Should there be any changes in the amounts recorded on the forecast worksheets as a result of the targets established in this Activity, the ‘Final Priority/Target’ worksheets in the spreadsheet FinancialFramework.xls can be automatically updated and reprinted.

Role of Financial Services Department [Step 5, Activity 3]

- Chief Accountant or designate ensures that the Targets are recorded in the spreadsheet file FinancialFramework.xls for presenting reports to Council.
- Chief Accountant or designate records revenue and expenditure targets (performance measures) in the Accountant’s Notes section in the Forecast worksheets in the spreadsheet file ‘GL.xls’. The timing for this activity is in the month of May.



Activity 4: Obtain Council Approval for MTPF Parameters

The Final Priorities and the Revenue/Expenditure Targets can now be presented to Council from the reports found in the spreadsheet file ‘FinancialFramework.xls’ as shown in Step 5, Activity 2. The FinancialFramework.xls spreadsheet also includes high level summary reports with charts depicting the sources of revenue and how it is being spent.

Sample summary report for Council: Operating Expenditure Summary by Program with chart

	E	F	G	H	I	J	K	L
1	Your Local Authority							
2	2008 - 2012 Financial Framework Summary							
3	with 2007 Budget Comparison							
4								
5			2007	2008	2009	2010	2011	2012
6			Budget	Request	Request	Request	Request	Request
9								
52								
53	OPERATIONAL EXPENDITURES							
54								
56	Recurrent Expenditure							
58	Administration		54,718,000	50,151,000	53,740,800	57,661,200	61,944,760	66,627,090
60	Health Services		24,674,100	25,181,000	27,491,620	30,029,160	32,816,250	35,877,590
62	Physical Planning		107,844,300	115,190,400	126,709,440	139,380,500	153,318,760	168,650,930
64	Water Supply		-	-	-	-	-	-
66	Utility Service		10,607,700	12,921,500	14,080,550	15,356,170	16,760,380	18,306,490
68	Welfare		12,641,400	21,135,000	23,248,500	25,573,410	28,130,930	30,944,220
70	Total Recurrent Expenditure		210,485,500	224,578,900	245,270,910	268,000,440	292,971,080	320,406,320
71				2008: 7%	2009: 9%	2010: 9%	2011: 9%	2012: 9%
72								
73	5-Year Operational Requests with 2007 - Operational Expenditures							
74	2008 - 2012							
75								
76								
77								
78								
79								
80								
81								
82								
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86								
87								
88								
89								
90								
91								
92								
93								

File: FinancialFramework.xls

Role of Financial Services Department [Step 5, Activity 4]

- Chief Accountant or designate prepares financial summary reports to council. The Chief Accountant presents reports along with the MTPF Staff Teams report on final priorities and parameter used for Council's endorsement. The timing for this activity is for 2 weeks in June.



Activity 5: Provide Instructions to Department Heads for Preparing Departmental Plans and Estimates

After Council has approved the MTPF parameters presented in Step 5, Activity 4, the Chief Accountant prepares instructions to the department heads and submits a package including the relevant sections of the financial framework completed in Step 5 (Activities 2 and 3) as well as the templates shown in this section from the spreadsheet file 'DepartmentalInstructions.xls'. This step is commonly referred to as the 'budget call'.

It is important to use the opportunity to remind department heads of the significance of the budget work. Some concepts that all those working on budgets can be reminded of, include:

- Almost everything the municipality does has a cost associated with it that must be measured
- The financial plan is considered the most important policy decision council will make each year and as such necessitates as much preparation as possible to assist decision making
- Careful budget planning and control means better services for the residents
- A good budget process is characterized by several essential features:
 - Incorporates a long-term perspective,
 - Establishes linkages to broad organizational goals,
 - Focuses budget decisions on results and outcomes,
 - Involves and promotes effective communication with stakeholders,
 - Provides incentives to government management and employees.

The covering instructions from the Chief Accountant must be clear to specify when the documents relating to the Budget call for each department head are to be returned to the Financial Services department for inclusion in the organization's 5-Year Financial Plan.

Departmental 5-Year Financial Plan by Account worksheet

		2006	2007	2007	2007	2008	2009	2010	2011
		December	Budget	June	Estimate	Request	Request	Request	Request
		YTD Actual		YTD Actual	to year-end				
Administration									
Administration - General Administration									
Personnel Emoluments									
1-1-411	Salaries & Wages	9,140,578.92	14,291,800	5,234,711.97					
1-1-412	Overtime & Holiday Pay	2,024,091.18	900,000	794,148.87					
1-1-413	Uniform Allowance	21,150.00	60,000	-					
1-1-415	Special Allowance	2,137,591.28	2,600,700	1,009,245.58					
1-1-419	Other Allowances	-	500,000	175,578.47					
1-1-41?	Total Personnel Emoluments	13,323,411.38	18,352,500.00	7,213,684.89					
Travelling Expenses									
1-1-421	Travelling Expenses - Local	57,406.46	50,000	54,263.57					
1-1-422	Change of Station Travelling Expenses - Local	-	1,000	-					
1-1-423	Travelling Expenses - Overseas	63,850.00	300,000	104,900.75					
1-1-429	Others	-	408,000	-					
1-1-42?	Total Travelling Expenses - Local	121,256.46	759,000	159,164.32					

File: DepartmentalInstructions.xls

The operations request memo below is required by Financial Services to support any major shifts in operating budgets submitted on the ‘Departmental 5-Year Financial Plan by Account’ worksheets. This would result from a capital project that significantly impacts upon operations or program directive changes to end or start a new service.

Operating Budget Change Cover Sheet (used only for significant changes)

	A	B	C	D	E	F	G	H	I	J	K	
1	YOUR LOCAL AUTHORITY											
2	Operational Accounts' Cover Sheet											
3												
4												
5	Budget Year:											
6	Service # (X-X- <u>nnn</u>)				Service Name							
7	<u>Community and Council priorities met.</u>							Cost:				
8												
9												
10												
11												
12												
13												
14												
15	Object Head # (X-X- <u>XXn</u>)				Object Name							
16	<u>Community and Council priorities met.</u>							Cost:				
17												
18												
19												
20												
21												
22												
23												
24	Impact of a developmental project (capital) on object head and/or specific accounts											
25												
26												
27												
28												
29												
30												
31												
32												
33												
34												
35												
36												
37												
38												
39												
40												
41												
42	Prepared by:					Date:						

File: DepartmentalInstructions.xls

The capital request memo below is required to support all capital budget requests and is submitted along with the ‘Departmental 5-Year Financial Plan by Account’ worksheets.

Capital Request Cover Sheet

	A	B	C	D	E	F	G	H	I	J	K	
1	YOUR LOCAL AUTHORITY											
2	Developmental Project / Capital Purchase Request											
3	Cover Sheet											
4												
5	Budget Year:					Commencement year:						
6	Account Number:					Completion year:						
7	Short description:											
8	Department:											
9	Replacement (Yes/No):											
10	Item(s) being replaced:	1)				2)						
11												
12						2008	2009	2010	2011	2012	Total	
13	Capital Expenditure Amount											
14	Funding Sources											
15	1)											
16	2)											
17	3)											
18	4)											
19	Total amount funded											
20												
21	Detail description											
22												
23												
24												
25												
26												
27												
28												
29												
30	Deliverable(s) and their indicator(s)											
31												
32												
33												
34												
35												
36	Impact on current and subsequent operational budgets											
37												
38												
39												
40	Community and Council priorities met											
41												
42												
43												
44												
45	Prepared by:					Date:						

File: DepartmentalInstructions.xls

Role of Financial Services Department [Step 5 Activity 5]

- Chief Accountant sends instructions with templates to the department heads. This step is performed not only in the MTPF, but also in the annual budget process. The timing for this activity is for the last week in June.



Step 6: Formulate Development & Operational Plans and Estimates



The parameters for the MTPF from Step 5 constitute the overall framework of priorities and targets for revenues and expenditures for the work in Step 6.

The purpose of Step 6 is to prepare a five-year work plan and budget for the MTPF Priorities for which the department is responsible. Since the five-year work plan and budget affects the medium-term future of the entire department, the department head has overall responsibility for Step 6. It is recommended that the department head work with at least the department staff member(s) who are part of the MTPF Activity Team, and the document writer for the MTPF.

During this step, it is important to consider the following:

- MTPF Priorities may require changes to existing services or addition of new services;
- Both capital (infrastructure and equipment) costs and operating and maintenance (recurrent) costs along with proposed funding or revenue sources must be included;
- Departmental work plans and budgets must include MTPF Priorities and other regular work.

The suggested method for this step is to identify the implementation needs of MTPF Priorities, examine existing departmental work and resources, and then assemble a proposed five-year work plan and budget including both MTPF Priorities and other regular work.

Use the analysis and information prepared in Step 2 as the starting point.

Appendix D ‘Manual Budget Preparation’ provides an Individual Accounts worksheet and Summary by Project worksheet that might provide some ideas for customizing worksheets to assist in capturing detail plans and estimates required. Also a separate documentation is provided with templates for the manual preparation of the Budget.

Department Heads are encouraged to keep binders and to store copies of the individual account work sheets with supporting documentation attached. The instructions to department heads received from the Chief Accountant should also be kept in the appropriate binders and completed with supporting documentation attached.

The ‘Departmental 5-Year Financial Plan by Account’ and the Capital Request Cover Sheets must be returned to Financial Services by the date specified in the instructions from the Chief Accountant. Copies of these worksheets must be made and kept in the department budget binders.

Role of Financial Services Department [Step 6]

- Chief Accountant provides support to the department heads in their completion of their detail plans and estimates and in transferring that information into the templates provided by the Financial Services department in Step 5, Activity 5. One way to support department heads is ensuring they have all the accounting reports required. This step is

performed not only in the MTPF, but also in the annual budget process. The timing for this activity is in the month of July.

Step 7: Prepare the Medium Term Financial Framework

The Chief Accountant uses the manually prepared ‘Departmental 5-Year Financial Plan by Account’ worksheets and ‘Capital Request Cover Sheets’ to update the Forecast worksheets in the file, ‘GL.xls’. The copy of GL.xls can be made with a date prior to the start of changes received from the departments.

It is a good practice to make separate copies of the GL.xls to have a history of versions. A suggested file copy name is ‘GL(YYYYMMDD_hhmmHrs).xls’. For example if starting to update the GL.xls spreadsheet at noon on August 1st, 2007; the copied GL.xls file would be named ‘GL(20070801_1200Hrs).xls’ and can be moved into an archive folder.

Updates to the Forecast Worksheets are accompanied with the Accountant’s notes in the Sections provided under each Project and Service as shown in the screen captured below.

	B	C	D	E	F	G	H	I	J	K	L	M
1	Your Local Authority											
2	2008 - 2012 Five-Year Forecast											
3	Recurrent Expenditure - Administration											
4												
5				2004	2005	2006	2007	2008	2009	2010	2011	2012
6				Budget	Budget	Budget	Budget	Request	Request	Request	Request	Request
105		Pensions, Retirement Benefits & Gratuities										
106	1-1-481	Pensions, Retirement Benefits & Gratuities		-	3,000,000	2,500,000	3,000,000	2,000,000	2,200,000	2,420,000	2,662,000	2,928,200
107	1-1-483	Gratuities		-	-	-	50,000	1,000	1,100	1,210	1,340	1,480
108	1-1-488	W & O.P Contributions		-	50,000	200,000	35,000	30,000	33,000	36,300	39,930	43,930
109	1-1-489	-		-	-	-	-	5,000	5,500	6,050	6,660	7,330
110												
111		Pensions, Retirement Benefits & Gratuities		-	3,050,000	2,700,000	3,085,000	2,036,000	2,239,600	2,463,560	2,709,930	2,980,940
112				2004: na	2005: na	2006: -11%	2007: 14%	2008: -34%	2009: 10%	2010: 10%	2011: 10%	2012: 10%
113				Notes:								
114												
115												
116												
117												
118												
119												
120		Total - General Administration		-	15,386,000	22,797,000	27,221,500	23,997,800	24,972,280	26,015,720	27,134,480	28,335,500
121				2004: na	2005: na	2006: 48%	2007: 19%	2008: -12%	2009: 4%	2010: 4%	2011: 4%	2012: 4%
122												
123												
124				Total - General Administration ■ 2004: na □ 2005: na ■ 2006: 48% □ 2007: 19% ■ 2008: -12% □ 2009: 4% ■ 2010: 4% □ 2011: 4% ■ 2012: 4%								
125												
126												
127												
128												
129												
130												
131												
132												
133												
134												
135												
136												
137												
138												
139												
140												
141												
142												
143												
144												
145												

File GL.xls

Role of Financial Services Department [Step 7]

- Chief Accountant updates the forecast worksheets with the 5-Year Financial Plans received from the department heads and is required to balance the budget. During this time there may be many budget meetings with the Department Heads and the Commissioner to allocate scarce resources to meet the needs presented. The ‘FinancialFramework.xls’ spreadsheet can be updated with the results of the Chief Accountants work in building the 5-Year Financial Plan in the GL.xls spreadsheet.



Step 8: Assemble and Process the Draft MTPF



The following is the suggested Table of Contents for the draft MTPF.

MTPF Contents

1. Executive Summary
2. Purpose and Objectives of a Medium Term Plan and Financial Framework
3. MTPF Process and Steps Followed
4. National, Provincial, International and Local Authority Plans and Activities
5. Local Community Profile and Trends
6. Municipal Development and Service Delivery Options
7. Criteria for Selecting Priorities
8. Community Input Process and Results
9. Approach to Achieving Community Priorities
10. Five-Year Development and Operational Plans
11. Five-Year Financial Plan
12. Reporting and Updating of MTPF

Two Financial Products are required from the Chief Accountant, namely:

1. Five-Year Development and Operations Plans
2. Five-Year Financial Plan

Five-Year Financial Plan

The Five-Year Financial Plan is presented in three files namely,

FiveYearFinancialPlan_Part1.xls

FiveYearFinancialPlan_Part2.xls

FiveYearFinancialPlan_Summary.xls

The Five Year Financial Plan presents the financial aspect after incorporating the five year Development and Operational plans. The spreadsheet FiveYearFinancialPlan_Part1 and Part2 provides a detailed illustration of this financial aspect while the FiveYearFinancialPlan_Summary spreadsheet presents it in a summary format, which is in object header and program level.

This is a highly customizable report that each local authority needs to decide for themselves. The Microsoft Excel level 2 skills will be required to efficiently and effectively build the required customized worksheets.

Your Local Authority Five Year Financial Plan By Program										
Account	Description	Previous Year's Actual 2006	Original Budget 2007	Supplemental 2007	Budget Year Estimate 2008	Budget Year Estimate 2009	Budget Year Estimate 2010	Budget Year Estimate 2011	Budget Year Estimate 2012	
Revenue										
15	1-?-3??	Administration	113054861.3	169471500	169471500	179914700	187135210	194699030	202623140	210925340
17	2-?-3??	Health Services	10331712.01	25144600	25144600	11950900	12548490	13175970	13834860	14526680
19	3-?-3??	Physical Planning	34749408.77	103380700	103380700	32301800	33916400	35611750	37391860	39260950
21	4-?-3??	Water Supply	0	0	0	0	0	0	0	0
23	5-?-3??	Utility Service	1261111.89	4051200	4051200	7530800	7907380	8302800	8718000	9153960
25	6-?-3??	Welfare	5823884.29	5802500	5802500	11735400	12322190	12938320	13585260	14264560
27	??-3??	Total Revenue	165220978.3	307850500	307850500	243433600	54145970	56852870	59695120	62679470
Expenditure										
Recurrent Expenditure										
37	1-?-4??	Administration	40881008.52	54718000	54718000	50151000	53740800	57661200	61944760	66627090
39	2-?-4??	Health Services	18032334.68	24674100	24674100	25181000	27491620	30029160	32816250	35877590
41	3-?-4??	Physical Planning	83196343.06	107844300	107844300	115190400	126709440	139380500	153318760	168650930
43	4-?-4??	Water Supply	0	0	0	0	0	0	0	0
45	5-?-4??	Utility Service	6772396.43	10607700	10607700	12921500	14080550	15356170	16760380	18306490
47	6-?-4??	Welfare	14815694.04	20835200	20840200	21135000	23248500	25573410	28130930	30944220
49	??-4??	Total Recurrent Expenditure	163697776.7	218679300	218684300	224578900	164038490	180310080	198210070	217901640

FiveYearFinancialPlan_Summary.xls

Additionally, the 'FiveYearFinancialPlan.xls' provides a one page (program level summary worksheet) Five-Year Financial Plan that can be attached to a by-law as a Schedule which specifies the totals in the budget decisions of the council. The Five Year Financial Plan is also a customizable report that the Chief Accountant prepares; a sample document from Canada municipality is provided as a specimen.

Sample schedule “A” to local authorities 5-Year Financial Plan Bylaw

**YOUR LOCAL AUTHORITY
FIVE YEAR FINANCIAL PLAN
SCHEDULE "A" TO BYLAW No. XXXX**

	2007	2008	2009	2010	2011
Revenue					
Property taxes - general operating	6,585,159	6,972,324	7,022,983	7,095,493	7,219,573
Other property taxes - 1% levies	138,240	141,020	143,860	146,750	149,700
Parcel tax and local service area	1,338,241	1,350,948	1,350,626	1,355,005	1,366,620
Payments in place of taxes	408,727	416,627	424,687	432,907	441,297
Water user charges	1,806,416	1,857,593	1,909,533	1,962,483	1,916,433
Sewer user charges	472,103	460,522	464,253	468,003	471,813
Sale of service	1,031,608	963,730	982,710	1,002,030	1,021,720
Other revenue	118,200	120,570	123,010	125,490	128,020
Contributions from L.I.P. participants	3,213,000	-	-	-	-
Proceeds from debt	-	-	-	-	-
Transfers from other governments	571,350	644,230	467,120	410,180	418,400
Transfers from own funds	2,869,500	1,135,000	190,000	230,000	150,000
Total Revenue	18,552,544	14,062,564	13,078,782	13,228,341	13,283,576
Expenditure					
General operating expenditures	8,115,043	8,096,701	8,185,260	8,296,390	8,459,850
Water operating expenditures	2,298,328	2,344,800	2,392,990	2,442,080	2,492,120
Sewer operating expenditures	660,169	644,154	648,504	652,904	657,364
General capital expenditures	2,085,500	1,435,000	305,000	280,000	200,000
Water capital expenditures	720,000	171,000	171,000	171,000	71,000
Sewer capital expenditure	3,229,000	20,000	20,000	20,000	20,000
Interest payments on debt and leases	356,505	347,505	306,255	268,755	260,300
Principal payments on debt and leases	428,597	325,694	290,937	256,180	247,931
Transfer to own funds	659,402	677,710	758,836	841,032	875,011
Total Expenditure	18,552,544	14,062,564	13,078,782	13,228,341	13,283,576

File: FiveYearFinancialPlan.xls

Role of Financial Services Department [Step 8]

- Chief Accountant provides customized reports acceptable to the local authority. With the assistance of the computer operator the reports are sensitive to changes made back in the GL.xls forecast worksheets that have been developed into the 5-Year Financial Plan for the local authority. The Summary Financial Plan is a one page document that summarized the decisions made by council and can be used as a schedule to a budget bylaw.



Step 9: Conduct Public Information Meetings on Draft MTPF



Input from both genders in the community is vital in considering and determining the priorities that will have implications for the community as a whole. These priorities may meet short-term or long-term needs of the community. The Community Workshops undertaken in Step 4 are a key component of the community consultation which informed the process and preparation of the Draft MTPF.

The final step in the process of community engagement for the MTPF is to hold public information meetings (open house and/or public hearing formats) where the Draft MTPF as prepared by the LAs is presented to the community for comments and feedback.

It is imperative that, as part of the process, the community sees how the priorities in the MTPF were developed and how their input has contributed to decisions. Communicating this information to both women and men in the community can be done through press releases or by making the notice accessible in appropriate locations, and by making the MTPF plan available through civil society groups or to households and individuals. Communicating with the public in a timely fashion is very important to continue to build strong and trusting relations.

In addition to the financial reports prepared for the Draft MTPF, the Chief Accountant should be involved in the public process to provide any clarifications on the budget presented in the report.

Role of Financial Services Department [Step 9]

- Chief Accountant presence at the public meeting assures that questions on the budget figures presented in the Draft MTPF can be clarified. The Chief Accountant may prepare a shorter version of the proposed budget with summary graphs to help explain the sources and uses of funds at a high level.



Step 10: Obtain Council Approval for the MTPF



The MTPF Activity Team should review the work from Step 9 and prepare draft changes to the Draft MTPF document as necessary to reflect the input received. The MTPF Staff Team should review the changes and decide which ones are to be incorporated in the Final Draft. The Final Draft should be submitted for Council Approval.

Once approved, the MTPF is adopted by the LA to guide its annual budget process.

Role of Financial Services Department [Step 10]

- Chief Accountant or Commissioner presents the budget to council for their approval. Any final changes made to the GL.xls spreadsheet worksheets automatically updates the other Financial Reports in both the FinancialFramework.xls and FiveYearFinancialPlan_Summary.xls spreadsheets.
- Once the budget is approved, the Chief Accountant may have all the reports reprinted and then proceed to sign and date them as the final budget reports for archive purposes.
- The Chief Accountant or designate can copy the entire budget folder to a subsequent years folder to start the next years annual budget process.

Appendix A: Microsoft Excel Skills

The benefit of using computers and specifically the Microsoft Excel application is the efficiency and effectiveness afforded the accountant in providing financial information from a large set of data. Using a spreadsheet has become an integral part of the continued professional development in the accounting profession. It is necessary for accountants to receive training and be able to practice on spreadsheets to become proficient and remain current in the delivery of financial products. In developing the MTPF financial framework and producing a 5-year financial plan, the concepts of continued professional development, training, and practice is ever true.

It is recommended that the Accountant responsible for preparing the budget, the supporting finance staff and computer operators receive training in Microsoft Excel that cover the topics outlined below. It is further suggested that a copy of the spreadsheet GL.xls be provided to the instructor providing intermediate level courses to encourage the discussion of the methods adopted within the spreadsheet and that specific Excel functions are practiced.

Level I

General Microsoft Excel skills required (all staff who use MS Excel to develop the Budget)

1. Overview/Orientation of computer hardware and software, including:
 - Windows Start key
 - File management using “Windows Explorer”
 - Creating Folders and Files
2. Overview/Orientation to Spreadsheet (workbook), including:
 - Worksheets (tabs); Menus and toolbars; Microsoft Security Levels and passwords
3. Navigation with mouse
 - “Left” click for selection of cells, toolbars icons, Menus, scroll bars, and highlighting cells
 - “Right” click to perform certain tasks in worksheet area and on tabs
4. Navigation with keyboard
 - [ALT] key
 - [ESC] key
 - [Caps Lock] key
 - Numeric Key Pad
 - [Delete] key
 - [Home]; [End]; Arrow keys;
 - Using [Ctrl] and [Ctrl] +[Shift] with [Home], [End], and Arrow keys
 - Function Keys [F1]; [F2]; [F5]; and [F9]
5. Review Basic commands
 - SUM function; Copy/Paste; Cut/Paste; Paste Special;
 - Working with worksheet tabs
6. When to use SUBTOTAL instead of SUM

7. Working with relative and/or absolute cell reference in functions
8. Naming cells (Menu: Insert → Names and the ‘Name Box’)
9. Find, Replace and ‘Go To’ commands
10. Outlines: hide/unhide columns and rows in groups (Menu: Data → Outlines)
11. Data sort (Menu: Data)
12. Protect / unprotect worksheet (Menu: Tools → Options)
13. Calculate Automatic and Manual options (Menu: Tools → Options)
14. Format Cells (Menu → Format)
15. Hyperlink places within document and external files
16. Microsoft’s Help Topics

Level II

Additional skills for the Budget Accountant, key finance staff, and the Computer Operator

1. Concatenating cells
2. Parsing cells
 - Specifically, extracting parts of an account number =left(); =mid(); =right()
3. Naming tables (Menu: Insert → Name)
4. SUMIF function used within the file GL.xls for preparing the initial 5-year forecast
5. INDIRECT function
6. INDEX function (with MATCH function) to lookup account descriptions
7. Using ‘Conditional’ formatting to provide error checking in financial reports (“Edit Check”)
8. Linking spreadsheets using ‘Data Import’ (Menu: Data → Import External Data)
 - Relative verses fixed file paths
9. DSUM function used in other spreadsheets to prepare financial reports
10. DGET function to retrieve account descriptions
11. Pie and Column charts

Level III**Advanced skills for computer operators supporting the Financial Services Department**

1. Creating command buttons with macros to automate user tasks
2. Using MS Query (Excel feature)
 - Create a single table appending tables from multiple financial worksheets
 - Relative versus fixed file paths
3. Building worksheets to perform General Ledger Inquiries
 - More practice using DSUM function
 - Embedded “if” statements
4. Building worksheets to create detail lists of accounts from summary account number(s) containing wildcards
 1. Data Filter (Auto Filter and Advanced Filter)
5. Validation (Menu: Data → Validation)

Microsoft Access (database application) – for Computer Operator supporting Financial Services

MS Access is a more efficient and effective tool to building the reports referred to as the ‘additional spreadsheets for reporting’ throughout this Volume 3 Workbook. It is anticipated that many of the reports required by the finance will be created by the computer operator with direction from the Budget Accountant. It would be advantageous to the computer operator to be able to complete the task in both Excel and Access.

Computer operators with basic skills in MS Access will be able to link MS Access to the tables in the spreadsheet file GL.xls and create menus to run various financial reports. Two benefits of working with MS Access will be the deployment of financial reports in a timelier and more streamlined manner, and to improve the users understanding of computer/accounting matters for current and future computerized accounting initiatives.

MS Access can also be an ideal tool to building a complete five year financial planning model. However, it is recommended that the GL.xls spreadsheet continue to be used for the development of at least the first MTPF financial framework. The reasons includes the complexity involved in programming all the functions performed in the GL.xls spreadsheet, namely: establishing the local authorities chart of accounts in an electronic format, recording historic accounting information, provisions for perpetual monthly updating of the accounting information, preparation of the initial 5-year forecast and subsequent 5-year financial plans with detail notes and graphs. It is also noted that the skills acquired by using the GL.xls spreadsheet by the budget accountant and supporting financial staff will help them use spreadsheets more efficiently in the performance of other duties within financial services.

Appendix B: Guidelines to Building a Financial Framework

The four aspects of developing a financial framework using MS Excel are outlined within this appendix and further broken down and referenced from the text of the workbook. This section provides relevant screen shots from the spreadsheets.

B.	Guidelines to Building a Financial Framework
	1. Record Historic Monthly Account Balance Information
	a) Setup account segments in the program, project and object name worksheets
	b) Record prior years' revenue & expenditure account balances into the 'main table'
	2. Record Current Monthly Account Balance Information
	3. Prepare 5-Year Forecasts and develop the 5-Year Financial Plan
	4. Prepare and Present Financial Reports

Appendix B1. Record Historic Monthly Account Information

This is a one-time process completed in the spreadsheet file GL.xls, which should be started prior to Step 5 Activity 1. As soon as the MTPF process starts the Chief Accountant should become familiar with the spreadsheet GL.xls and to seek out the necessary training in MS Excel for the finance team responsible for building the budget.

B.1a) Setup account segments in the program, project and object name worksheets

A one time effort is required to setup all the accounts in the spreadsheet GL.xls. The following shows the make up of the account number and how the three account segments are recorded into the worksheets.

5 Digit Account Number	1-1-411	Administration – General Administration - Salaries
* Program number	1 -4-11	Administration
* Project/Service number	1-1 -411	General Administration (Administration Program)
Account Type	1-1- 4 11	Recurrent Expenditure
Object Header	1-1- 41 1	Personal Emoluments
* Object Number	1-1- 411	Salaries

* Refers to the account segments recorded in separate worksheets 'ProgramName'; 'ProjectName'; and 'ObjectName' in the spreadsheet file 'GL.xls'.

Account Types (3rd character (position) in the account number):

1 = Asset

2 = Liability/Equity

3 = Revenue

4 = Recurrent Expenditure

5 = Capital Expenditure

Revenues are not assigned a project/service number, hence the 2nd character (position) is always 0. For example 1-0-316 = Administration - - Special Fees (Revenue)

All the revenue and expenditure General Ledger (GL) Account Numbers of the local authority are required to be recorded in the spreadsheet file GL.xls. The account numbers are split into their 3 segments (program, project, and object) and recorded with their respective descriptions in English, Sinhala, and Tamil. The 3 worksheets containing the account segments (shown below) are referenced from all budget reporting spreadsheets. Updates made in these worksheets will affect the descriptions on all budget reports.

File: GL.xls

Worksheet: [ProgramName]

Account	Description_English	Description_Sinhala	Description_Tamil
1	Administration	පරිපාලන	நிர்வாகம்
2	Health Services	සෞඛ්‍ය සේවා	சுகாதாரச் சேவை
3	Physical Planning	භෞතික සැලසුම්	பௌதீக திட்டம்
4	Water Supply	ජල සැපයුම්	நீர் விநியோகம்
5	Utility Service	සොළු පහසුකම්	பொது வசதிகள்
6	Welfare	සුභසාධන	சேமநலன்
7	Electricity	විදුලිබලය	மின்சாரம்
8	Fixed Assets	ස්ථාවර චක්කම්	நிலையானச் சொத்து

Worksheet: [ProjectName]

Account	Description_English	Description_Sinhala	Description_Tamil
00	na	අලුල හැක	பொருத்தமில்லாதது
1n	Administration	පරිපාලන	நிர்வாகம்
10	Administration Revenue	පරිපාලන ආදායම	நிர்வாக வருமானம்
11	General Administration	පරිපාලන	பொது நிர்வாகம்
12	Finance	මූල්‍ය	நிதி
13	Assessment and Revenue Colle	ආදායම් ගණනය සහ එකතු කිරීම	வருமான மதிப்பீறும் சேர்க்கைகளும்
14	Internal Audit	අභ්‍යන්තර විෂයාන	உள்ளக கணக்காய்வு
15	Workshop	වැඩමුළුව	செயலமர்வு
16	Training of Officers	නිලධාරීන් පුහුණු කිරීම	உத்தியோகத்தர் பயிற்சி
17	Printing Press	මුද්‍රණාලය	அச்சகம்
2n	Health Services	සෞඛ්‍ය සේවා	சுகாதரச சேவைகள்

Worksheet: [ObjectName]

Account	Description_English	Description_Sinhala	Description_Tamil
3nn	Revenue	ආදායම්	வருமானம்
31n	Rates, Taxes, Sales	විට්පනම්, බදු සහ ආදායම්	விகிதங்கள், வரிகள் மற்றும் விற்பனைகள்
311	Consolidated	එකවලුව	குழுமம்
312	Acreage	බිම් ප්‍රමාණය	நில அளவு
313	Conservancy	අපද්‍රව්‍ය ඉවත්කිරීමේ විධිවිධාන	கழிவுப் பொருள் அகற்றல் ஏற்பாடு
314	Water / Electricity Sales	ජල / විදුලි ආදායම්	நீர் . மின்சார விற்பனை
315	Entertainment	සංග්‍රහ දීමනා	களியாட்ட கொடுப்பனவுகள்
316	Special Fees	විශේෂ ගාස්තු	விலே கட்டணங்கள்
32n	Rents	කුලී	வாடகைகள்
321	Dwelling Houses	නිවාස	வாடகை வீடுகள்
322	Commerical Premises	වෙළඳ ස්ථාන	வர்த்தக நிலையங்கள்

B.1b) Record prior years' revenue & expenditure account balances into the main table

A one time effort is required to build the historic listing of monthly account balances (trial balances) with budgets for the past 3 fiscal years. To bring this historic accounting information into the main table in the spreadsheet file 'GL.xls' the following steps may be followed:

1. Locate all the revenue and expenditure ledgers with account summary balance information for each month for each of the three previous years
2. Establish a team to prepare three spreadsheets with the same chart of accounts which includes all accounts ever having a monthly account balance over the past 3 years.

A technique to ensure the a complete and identical chart of accounts is set up in each of the 3 spreadsheets is to append the three years' list of accounts with a label identifying the year the account relates to into one table. Using the =countif() function next to each account in the appended list, show the number of instances an account occurs over the 3 years. Using the data filter feature, filter on instances not equal to 3 and note both the account number and which tables are missing the account. For each instance of an account without a count of 3 it is to be added to the other lists of accounts. Always ensure lists of accounts are sorted in ascending order before copy / pasting between spreadsheets.

Sort accounts in ascending order, with all revenue accounts listed together at the top.
Sort order: 1st by the 2nd digit of the account number (ensures revenues are listed first)
2nd by account number

OR

Sort accounts in ascending order, grouped by account types (Rev, Oper. Exp, Cap. Exp)
Sort order: 1st by the 3rd digit of the account number
2nd by account number

To accomplish the 1st sort order, it is necessary to extract either the 2nd or 3rd character using the =mid() function and make this new column a sort field.

3. Establish 3 teams, each to record the budget and the 12 monthly account balances for the accounts of the year assigned to them, using the following column descriptions:
Account Budget YYYYJan YYYYFeb YYYYMar YYYYApr YYYYDec
4. Establish a team to compile the three spreadsheets into one worksheet and to copy / paste this information into the 'main table' in the spreadsheet 'GL.xls'.

It is necessary once again to ensure that each of the 3 spreadsheets contain the exact same list of accounts, sorted in ascending order. The technique used in step 2 above is appropriate to ensure the same accounts appear in all three spreadsheets.

Local Authorities with computer operators trained in MS Access may make use of cross tab queries to efficiently accomplish this task.

Currently, Local Authorities in Sri Lanka do not have easy access to multiple year comparative accounting figures in an electronic format for financial planning. This historic accounting data presented in a single table is very important for the efficient and effective use of spreadsheets in building a financial framework.

The screen shot below is the main table in the spreadsheet GL.xls where the prior 3 years' account lists with monthly account balances are pasted after being joined together from the 3 separate spreadsheets.

Spreadsheet GL.xls [MainTable]

Screen view of the 'main table' with the results of pasting prior period accounting information (trial balances) from the 3 spreadsheets with the recorded monthly account balances.

	A	B	AE	AF	AG	AH
1		Protect sheet				
2	Account Totals	Group column				
3	1-1-4??	General Administration	15,386,000	15,386,000	1,290,184.28	1,397,316.06
4	1-1-43?	Supplies & Requisites	1,065,000	1,065,000	120,562.00	70,252.00
5	1-1-431	Stationery & Office Requisites	600,000	600,000	43,865.00	19,196.00
6						
7	Account	Description_English	'Original Budget' 2005Request	May be amended 2005Budget	2005JanAct	2005FebAct
136	1-1-411	Salaries & Wages	6,121,000	6,121,000	733,579.00	260,671.29
137	1-1-412	Overtime & Holiday Pay	600,000	600,000	18,000.00	121,801.82
138	1-1-413	Uniform Allowance	100,000	100,000	-	-
139	1-1-415	Special Allowance	2,000,000	2,000,000	145,692.00	473,642.00
140	1-1-416	Cost of Living Allowance	-	-	-	-
141	1-1-419	Other Allowances	-	-	-	-
142	1-1-421	Travelling Expenses - Local	100,000	100,000	42,936.00	2,225.00
143	1-1-422	Change of Station Travelling Expenses - Local	10,000	10,000	-	-
144	1-1-423	Travelling Expenses - Overseas	500,000	500,000	-	-
145	1-1-424	-	-	-	-	-
146	1-1-429	Others	-	-	-	-
147	1-1-431	Stationery & Office Requisites	600,000	600,000	43,865.00	19,196.00
148	1-1-432	Fuel & Lubricants	100,000	100,000	-	2,730.00
149	1-1-433	Mechanical & Electrical Goods	10,000	10,000	-	-
150	1-1-434	Construction Materials	-	-	-	-
151	1-1-435	Medical Supplies	-	-	-	-
152	1-1-436a	Diets (on dept.services/Meals to employees/milk	300,000	300,000	76,697.00	48,326.00
153	1-1-437	Uniforms	50,000	50,000	-	-
154	1-1-438	-	-	-	-	-
155	1-1-439	others Items of Stores	5,000	5,000	-	-
156	1-1-441	Repairs & Maintenance / Vehicles, Machinery & Eq	250,000	250,000	-	-
157	1-1-442	Repairs & Maintenance / Structures, Facilities & oth	5,000	5,000	-	-
158	1-1-443	Depreciation	-	-	-	-
159	1-1-449	Others	-	-	-	-
160	1-1-451	Transportation	20,000	20,000	-	-
161	1-1-452	Communication	1,000,000	1,000,000	-	-
162	1-1-453	Utility (Electricity & Water)	10,000	10,000	60,650.00	156,214.67
163	1-1-454	Rental & Hire Charges	-	-	-	-
164	1-1-458	Printing Services	100,000	100,000	-	-
165	1-1-459a	Others	200,000	200,000	1,600.00	-
166	1-1-459b	Others	50,000	50,000	-	-

File: GL.xls

The Description_English and the hidden columns containing Description_Sinhala and Description_Tamil can be automatically filled with the object names using the =index() and =match() functions comparing the last three digits of the account number with the 'ObjectName' worksheet. Once the three description columns are populated, it is advisable to paste special the formulas to values if using Office 2003 or older version.

Appendix B.2 Record Current Monthly Account Balance Information

At the end of each month, the Accountant is to ensure that the monthly account balances for revenue and expenditure accounts are recorded in the ‘main table’ in the spreadsheet ‘GL.xls’.

- Each column in the main table is locked except for the current month. The spreadsheet is also protected so that account balances can only be recorded in the current month unlocked cells.
- Revenues must be entered as negative values in the ‘main table’; expenses are entered as positive values. For example, the revenue account 1-0-316 ‘Special Fees’ with a monthly account balance of RS 95 would be entered as -95. This is necessary as the data entry clerk is recording directly into the ‘main table’, the benefit is realized when inquiring on revenue over expenditures in the Inquiry.xls spreadsheet, on all or a portion of accounts.
- Once the column of entries is checked against the original ledger for completeness and accuracy, the main table may be prepared for recording the account balances for the next month by the accountant as follows:

Step 1. Verify amounts recorded

Step 2. Highlight completed month’s ‘account balances’ column and [Lock cell(s)]

Step 3. [Group Column]

Step 4. Select Outline Level 1

Step 5. Select next column (next months) and [Unlock cell(s)]

Step 6. [Protect Sheet]

Step 7. Save file

Notes:

- To increase the response time in recording the monthly account balances, the user may click on the Calc-M (manual calculation) command button. The user can press the F9 button to refresh the totals at the top of the screen at anytime while recording the account balances.
- Columns containing previous months account balances can be displayed by unprotecting the worksheet and then expanding the outline (click the + symbol above the current month heading). This should only be done by an accountant for correcting prior month recorded amounts.
- Year-to-date (YTD) values in the ‘main table’ are shown in highlighted cells and are calculated values. All monthly account balances and the year-to-date figures in the ‘main table’ can be inquired upon through the Inquiry.xls spreadsheet or reviewed in the budget reporting spreadsheets.

GL.xls [MainTable]

The Chief Accountant will delegate the task of updating the monthly account balances in the ‘main table’ on an ongoing monthly basis.

	A	B	CI	CJ	CK	CL
1	Calc-A	Protect sheet				
2	Account Total	Lock cell(s)				
3	1-0-3??	Administration Revenue	(12,135,075.92)	-	-	-
4	1-0-33?	Licences	(523,652.50)	-	-	-
5	1-0-335	Vehicles & Animals	(135.00)	-	-	-
7	Account	Description_English	2007MarAct	2007AprAct	2007MayAct	2007JunAct
8	1-0-311	Consolidated	(2,553,136.28)			
9	1-0-316	Special Fees	-			
10	1-0-331	Rates (Levied)	-			
11	1-0-332	Rates (Refunds)	-			
12	1-0-333	Professions (Levied)	-			
13	1-0-334	Professions (Refunds)	-			
14	1-0-335	Vehicles & Animals	(135.00)			
15	1-0-336	Special Fees	(523,517.50)			
16	1-0-337	Opium & Fire Arms Licence Fee	-			
17	1-0-338	Pavement hawkers	-			
18	1-0-341	Registration, Certificates & Inspections Fees	(50,537.00)			
19	1-0-342	Emergency Charges	-			
20	1-0-343	Recoverable Charges	(7,872.97)			
21	1-0-344	Special Fees	-			
22	1-0-345	Traffic & Parking Fees	-			
23	1-0-351	Warrant Costs	-			
24	1-0-352	Fines - Penalties	-			
25	1-0-361	Interest	-			
26	1-0-362	Sales	(45,927.17)			
27	1-0-363	Refund of Stamp duty on Land Transactions	-			
28	1-0-364	Operational Income	-			
29	1-0-365	Advertising Charges	-			

BUDGET ASSISTANT
Enter monthly account balances:
 Step 1. Enter revenue as negative and expenditures as positive amount
 Step 2. Verify recored account balances
 Step 3. Save file

ACCOUNTANT'S ROLE
Secure and prepare file for next months data input
 Step 1. Verify recorded account balances
 Step 2. Highlight column and [Lock cell(s)]
 Step 3. [Group Column]
 Step 4. Select Outline Level 1
 Step 5. Select next column and [Unlock cell(s)]
 Step 6. [Protect Sheet]
 Step 7. Save file

File: GL.xls

Appendix B.3 Prepare the initial 5-Year Forecast

The following section outlines the use of Excel Functions in the preparation of the forecast worksheets.

1. Setup Tab in the spreadsheet file ‘GL.xls’.

The setup tab allows you to select the description language displayed in the forecast worksheets.

Click on the corresponding command button to automatically change the language font on each forecast worksheet

SPECIFY LANGUAGE FOR REPORTS			
Click the relevant button to change the language in the reports to your language of preference	2 Change report font to "TimesNewRoman" English	3 Change report font to "FMBindumath" Sinhala	4 Change report font to "Bamini" Tamil
Column 1: Titles	Column 2 = English	Column 3 = Sinhala	Column 4 = Tamil
Column heading referred to with DGET() function:	Description_English	Description_Sinhala	Description_Tamil
	English translation	Sinhala translation	Tamil translation
Enter Local Authority's Name:	Your Local Authority	ආදේශ මහ නගර සභාව	காவலி மாநகர சபை
Heading - Program:	by Program	විධිපටිතව අනුව	நிகழ்ச்சி மூலம்
Heading - Project:	by Project	විභාජනවලට අනුව	தீவைலைத்திட்டம் மூலம்
Heading - Object Header:	by Object	නිකුම් අනුව	பொருள் மூலம்
Footer - Total:	Total	එකතුව	மொத்தம்
Footer: Revenue over expenditures:	Revenue over expenditure	ලැබී ආදායම්	வருமானத்திற்கான செலவு
Report heading 1:	2008 - 2012 Five-Year Forecast	2008-2012 පුනරාවර්තය	2008-2012
Report heading 2:			
Custom heading: nn3nn:	Revenue	ලාදායම්	வருமானம்
Custom heading: 1n4nn:	Administration Program	පරිපාලන විධිපටිත	நிர்வாக நிகழ்ச்சி
Custom heading: 2n4nn:	Health Program	සෞඛ්‍ය සේවා විධිපටිත	சுகாதார நிகழ்ச்சி
Custom heading: 3n4nn:	Physical Planning Program	භෞතික සැලසුම් විධිපටිත	பௌதீக நிகழ்ச்சி திட்டம்
Custom heading: 5n4nn:	Utility Service Program	සේවා පහසුකම් විධිපටිත	பிரயோசனமானச் சேவைக்குரிய நிகழ்ச்சி
Custom heading: 6n4nn:	Welfare Program	සුභසාධන විධිපටිත	கூட்டுதலான நிகழ்ச்சி
Custom heading: nn5nn:	Capital Program	ප්‍රාග්ධන විධිපටිත	மூலதன நிகழ்ச்சி
Custom heading: Summary1	Summary (object group)	සාරාංශය (නිකුම් කාණ්ඩය)	சாராம்சம் (பொருள் குழு)
Custom heading: Summary2	Summary (service group)	සාරාංශය (සේවා කාණ්ඩය)	சாராம்சம் (சேவை குழு)

File: GL.xls

2. Account Description lookup functions

Formula example **=INDEX(tblIGL,MATCH(B16,Account,0),vLanguageColumnOffset)**

Match Function **=MATCH(ValueToLookup,Table,MatchType)**

Index Function **=INDEX(Table,Row,Column)**

Explanation To lookup the description the =Index() function is chosen over the =vlookup() function for its ability to work when a list is not sorted.

The Index function points to the main table and specifies the row number of the table desired and the column offset number. To determine the row number in the main table, the match function is used. The match function returns the row number for the specified account number by looking at the “Account” table, which is the first column in the main table, named ‘tblIGL’.

3. Language selection

Formula	<code>=INDEX(tblGL,MATCH(B16,Account,0),vLanguage)</code>
Named Cell: 'vLanguage'	This is the named cell in the Setup tab that provides the column number to be returned from the main table, 'tblGL' in the Index() function. Notice that the column number in the main table corresponds to the chosen language in the Setup tab. Column #2 = English Column #3 = Sinhala Column #4 = Tamil
Command Buttons: 'Change Report Font to ... TimesNewRoman -English' FMBindumathi -Sinhala' Bamini -Tamil'	There are three command buttons in the Setup tab to change the fonts in each of the forecast worksheets to the language selected. Clicking on the corresponding numbered command button changes the font in the description column in each of the forecast worksheets to one of the three language fonts.

4. Returning account balances in the protected cell areas

Function (example)	<code>=SUMIF(Account,\$B16,INDIRECT(F\$7))</code>
Explanation	<code>=SUMIF(range,criteria,sum_range)</code> Range is the named column in the main table containing account numbers Criteria is the account number specified in the report Sum_range is the named column in the main table containing the trial balance specified

5. Edit checking

Edit checking is when the subtotals are checked against an account with a wildcard where the account variable should be. The dsum is to return a value for the account with the wildcard. The cell containing the subtotal function used 'Conditional Formatting' to compare its value to the dsum value. If there is a discrepancy between the two amounts the conditional format is set to turn the background colour of the subtotal amount to red, referred to as a "red light"

a. =dsum() (example)	= <i>-DSUM</i> (tblGL,T\$8,\$A19:\$A20)
Explanation	<p>=<i>DSUM</i>(database,field,criteria)</p> <p>Database is the main table, ‘tblGL’.</p> <p>Field is the column heading of interest in the main table, i.e. the trial balance period. The reference to T\$8 in the example above is the column heading in the report that matches a column heading in the main table, ‘tblGL’.</p> <p>Criteria refer to two cells in the report, the label ‘account’ and underneath the account number with the wildcard.</p>
b. =subtotal() (example)	<p>=<i>SUBTOTAL</i>(9,F15:F18)</p> <p>The “9,” indicates that the range F15:F18 is to be summed.</p> <p>The =Subtotal() function is chosen over the =Sum() function to permit speed in adding up entire columns without concern over double counting numbers.</p>
c. Conditional Formatting	From the menu, select Format → Conditional Formatting

Appendix B.4 Financial Reporting (additional spreadsheets)

The following section outlines the use of Excel Functions in the preparation of the additional spreadsheets for Financial Reporting using the spreadsheet file ‘FinancialFramework.xls’ introduced in Step 5, Activity 2.

1. Data Linking
2. Setup Tab
3. Account Description Lookup Function
4. Language Selection
5. Returning account balances in the protected cell areas

1. Data Linking

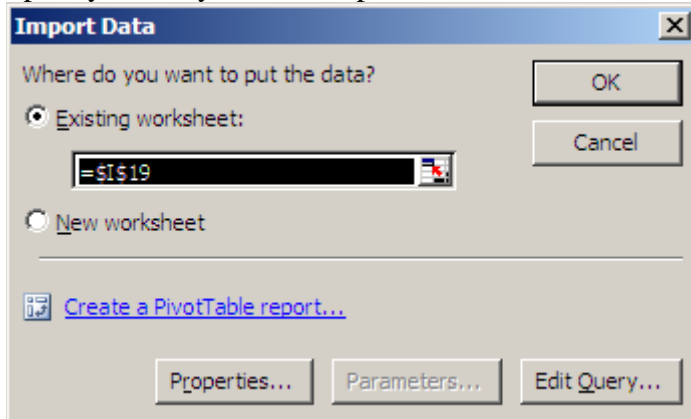
Data linking requires MS Excel Level 3 skills. An overview of the two methods used is provided below.

Method 1

Method 1 is a simple data linking method to connect a single table in another spreadsheet file.

Menu: Data → Import External Data → Import Data → Select Data Source with the data you wish to connect to, then:

Specify where you want to put the data in the current worksheet:

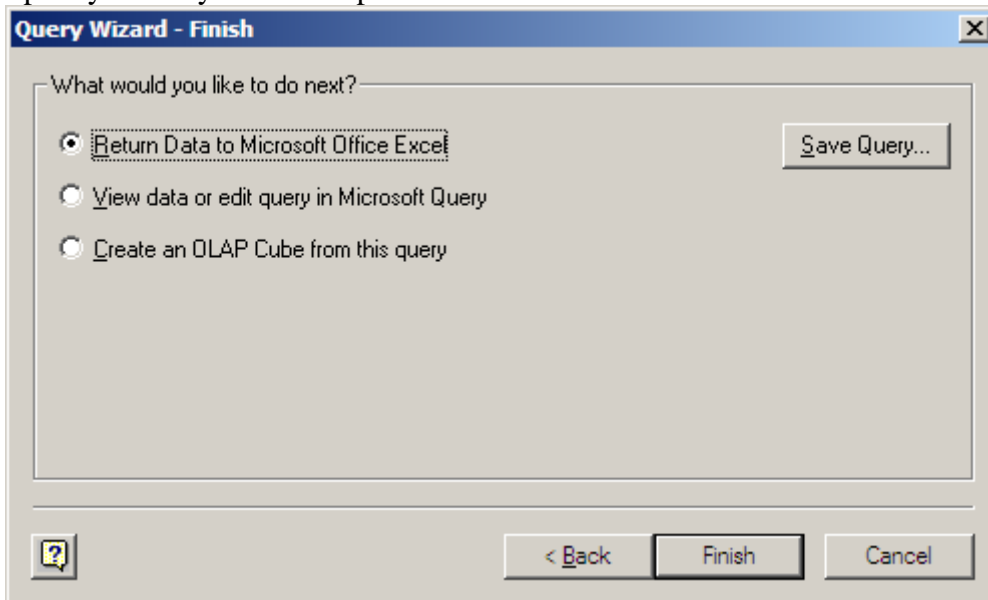


Method 2

The second method uses MS Query to connect to external data with criteria to control the type of data returned, it also allows you to manually join additional tables.

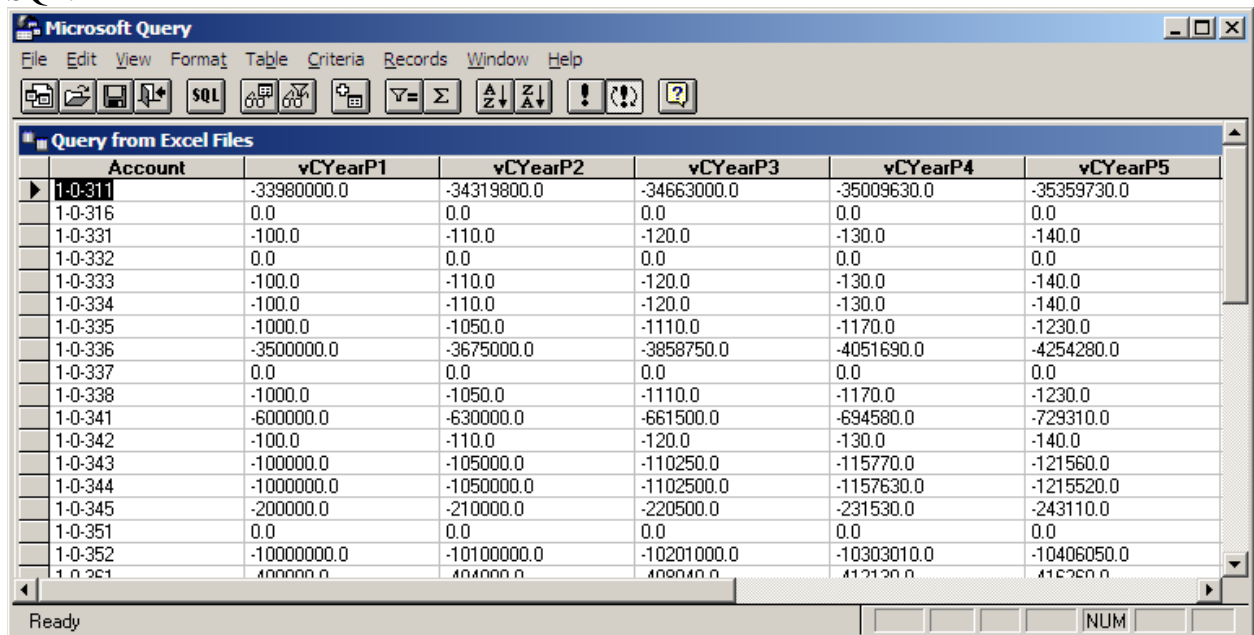
Menu → Import External Data → New Database Query → Select Excel File* → Select a workbook → Select Table and Fields → Define criteria and sorting of fields, then:

Specify where you want to put the data from the external table:



Or

Choose View data or edit query in Microsoft Query to manually join additional tables using SQL.



2. Setup Tab

This worksheet in the FinancialSpreadsheet.xls file allows the user to set parameters which affects the layout of all the reports contained within the spreadsheet, including language selection.

SETUP TAB: FINANCIALFRAMEWORK.XLS

SETUP: REPORTING PERIOD

Variables (user entered report values)		Defined names for variable	
Enter Year:	2007	vYear	

SETUP: SPECIFY LANGUAGE FOR REPORTS

This area controls the language that appears on the reports in this spreadsheet.

To select the language displayed on the reports, choose a column (2,3,or 4) below; then click on the corresponding command button to change description columns font to the match the language.

Variables (user entered report values)		Defined names for variable	
Step 1) Specify language by entering the column # 2, 3 or 4:	2	Selected report description language:	Description_English
		vLanguageColumnOffset	

Step 2) Click the corresponding command button to step 1:

2 Change report font to "TimesNewRoman" English	3 Change report font to "FMBIndumathi" Sinhala	4 Change report font to "Baamini" Tamil
-------------------------------------------------	------------------------------------------------	-----------------------------------------

	Column 1 = Titles	Column 2 = English	Column 3 = Sinhala	Column 4 = Tamil	Defined names for values
Column heading referred to with DGET() function:	Description_English	Description_Sinhala	Description_Tamil		
	English translation	Sinhala translation	Tamil translation		
Enter Local Authority's Name:	Your Local Authority	ඔබේ මහ නගර සභාව	உமது மநகர சபை		vLName
Heading - Summary:	2008 - 2012 Financial Framework Summary	2008 - 2012	2008 - 2012		vHeadingSummary
Heading - Program:	2008 - 2012 Financial Framework by Program	2008 - 2012	2008 - 2012		vHeadingProgram
Heading - Service:	2008 - 2012 Financial Framework by Service	2008 - 2012	2008 - 2012		vHeadingService
Heading - Project:	2008 - 2012 Financial Framework by Project	2008 - 2012	2008 - 2012		vHeadingProject
Sub Heading:	with 2007 Budget Comparison	2007	2007		vSubHeading
Footer - Total:	Total	එකතුව	கொடுக்க		vTotal
Footer: Revenue over expenditures:	Revenue over expenditure	අදාළ ආදායම			vSummary

File: FinancialFramework.xls

3. Account Description Lookup Function

The descriptions found on the reports are auto generated from the Object Name table using the Excel function DGET(). This approach allows changes in one table to update the descriptions on all reports in all the spreadsheets.

Formula example **=DGET(tblObjectName,E\$8,C289:C290)**

DGet() Function =DGET(database,field,criteria)
 Database = tblObjectName
 Field = Description_English (or other language chosen in the Setup Tab
 Criteria = the account number for the line in the report

Explanation To lookup the description the =DGet() function is chosen as it complements the =DSUM() function used in the adjacent columns to return the amounts for each account in the report.

4. Language Selection

The user may choose which language is printed on the reports by choosing a language code in the Setup tab.

The cell reference E\$8 shown in point # 3 above, contains the index() function to return the appropriate language column heading: Description_English, Description_Sinhala, or Description_Tamil based on the users selection in the Setup Tab.

5. Returning account balances in the protected cell areas

Account balances shown on these reports are automatically generated using the DSUM function. The user can refresh the link to the source file GL.xls at any time to get the latest recorded amounts.

Function (example) **=DSUM(tblGL,G\$8,\$D289:\$D290)**

Explanation =DSUM(database,field,criteria)
 Database is the table 'tblGL' representing the 'main table'
 Field is the cell reference G\$8, which is the report column heading that matches a column heading in 'tblGL'
 Criteria is the cell reference \$D289:\$D290 which contain the account number on the report for which we are requesting the balance returned.

Appendix C: Budget Control

A government should have mechanisms in place to ensure compliance with the adopted budget. Appropriate management processes and systems allow a government to detect and correct significant deviation if it occurs.

Regular monitoring of budgetary performance provides an early warning of potential problems and gives decision makers time to consider actions that may be needed if major deviations in budget-to-actual results become evident. It is also an essential input in demonstrating accountability.

One example is the monthly budget variance report shown below that shows, on the right hand side, the amount of budget spent to a given month - a percent of budget used. On the left hand side, the report shows the average spending (as a percent of budget) to the same period over a number of years. A comparison of the two percentages by account or group of accounts can be an indication of acceptable rate of expenditures.

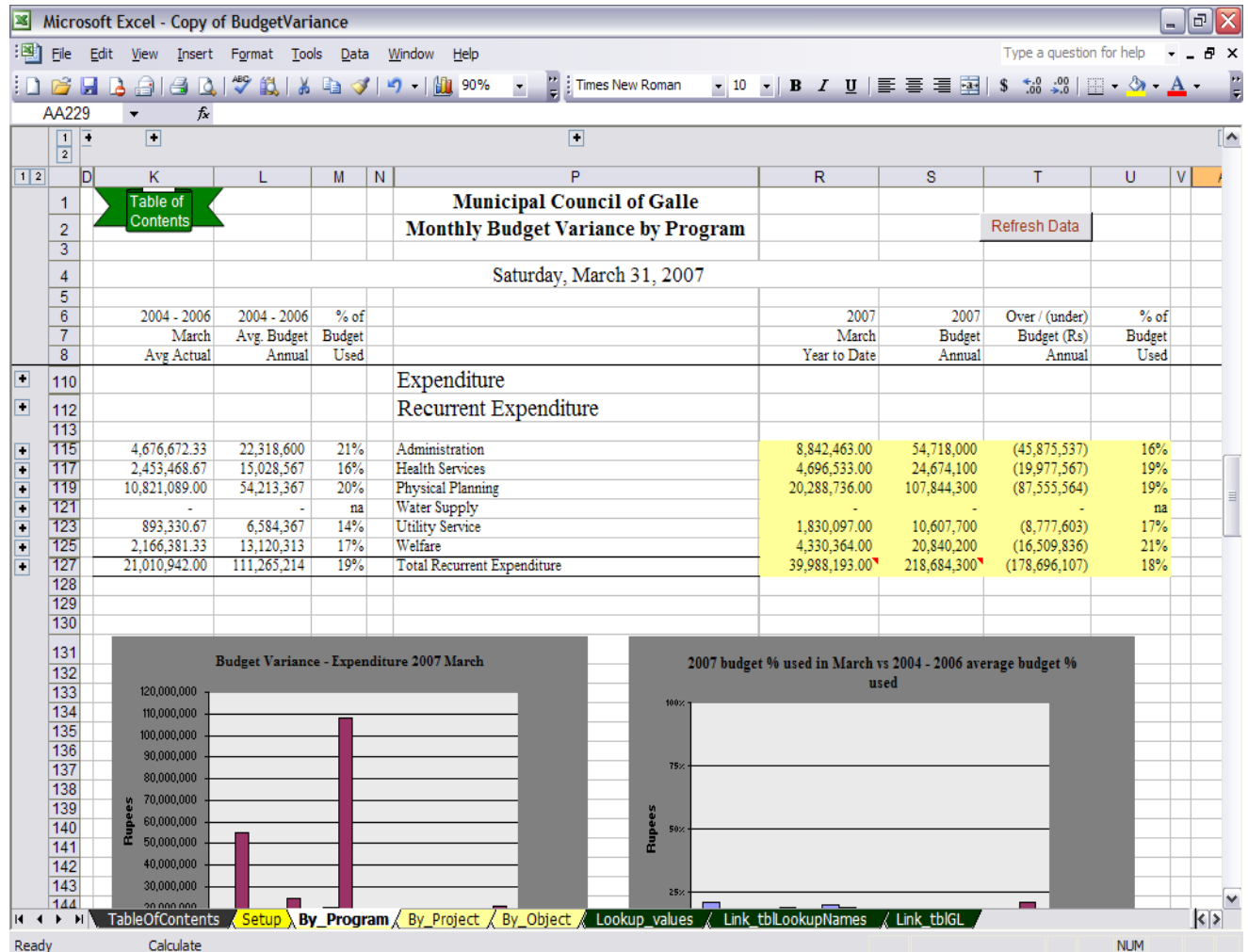
This report along with the others relies on the back-end spreadsheet, GL.xls being updated with monthly account balances regularly.

Monthly Budget Variance Report by Project/Service (for departmental review)

Municipal Council of Galle									
Monthly Budget Variance by Project									
Saturday, March 31, 2007									
	2004 - 2006	2004 - 2006	% of		2,007	2007	Over / (under)	% of	
	March	Budget	Budget		March	Budget	Budget (Rs)	Budget	
	Avg Actual	Avg Actual	Used		Year to Date	Annual	Annual	Used	
34					Expenditure				
36					Recurrent Expenditure				
37					Administration				
39					Administration				
41	2,682,602.67	12,727,667	21%		4,707,469	27,221,500	(22,514,031)	17%	General Administration
43	936,475.67	5,068,667	18%		2,207,021	11,199,200	(8,992,179)	20%	Finance
45	975,811.33	3,807,500	26%		1,740,528	14,996,700	(13,256,172)	12%	Assessment and Revenue Collection
47	75,580.33	573,100	13%		145,245	800,600	(655,355)	18%	Internal Audit
49	-	-	na		-	-	-	na	Workshop
51	6,202.33	141,667	4%		42,200	500,000	(457,800)	8%	Training of Officers
53	-	-	na		-	-	-	na	Printing Press
55	4,676,672.33	22,318,600	21%		8,842,463	54,718,000	(45,875,537)	16%	Total Administration
56									
57									
59									Health Services
61	328,413.67	2,049,500	16%		721,309	3,077,700	(2,356,391)	23%	Health Administration
63	905,172.67	5,210,000	17%		1,944,597	11,024,000	(9,079,403)	18%	Preventive Services
65	170,122.33	1,141,800	15%		267,034	1,224,200	(957,166)	22%	Curative Services
67	104,675.00	1,051,000	10%		102,705	427,700	(324,995)	24%	Food Sanitation
69	177,831.00	1,158,667	15%		426,523	1,926,600	(1,500,077)	22%	Cleaning
71	536,460.00	2,808,333	19%		976,218	4,437,400	(3,461,182)	22%	Maternity & Child Health
73	-	143,333	na		-	60,000	(60,000)	0%	Health Education
75	13,333.33	190,000	7%		-	31,000	(31,000)	0%	Solid Waste Collection
77	217,460.67	1,275,933	17%		258,147	2,465,500	(2,207,353)	10%	Other Health Services, incl. cemetarie
79	2,453,468.67	15,028,567	16%		4,696,533	24,674,100	(19,977,567)	19%	Total Health Services

File: BudgetVariance.xls

Monthly Budget Variance Report by Program (for Commissioner’s review)



File: BudgetVariance.xls

Appendix D: Manual Budget Preparation

As an alternative to preparing the financial framework in an electronic spreadsheet, it may also be created manually. There are many tools the accountant will have already designed for preparing a one year budget plan. One approach is to match the Spreadsheets files used in the manual with an existing paper product as follows:

Even if a manual approach is adopted, it is suggested that the local authority be encouraged to continue to seek training opportunities in the use of personal computers and in the use of the Microsoft spreadsheet application 'Excel'. There are many time saving advantages when working on a financial framework with an electronic spreadsheet, not to mention the budget controls available with timely monthly budget variance reporting.

Please refer the 'Manual Budget Preparation' documentation for more templates to get started on preparing the Budget manually.

Spreadsheet	Manual Document Equivalent
<p>GL.xls</p> <p>Comments:</p>	<p>Prior Years Annual Budget Document</p> <p>Attach an additional sheet of paper with five columns representing the next five years to each page in the existing bound budget document. Manually develop the five year plan in concert with other activities in the MTPF.</p> <p>Once the 5-Year Plan is completed on the sheets attached to last years document, a new document is prepared.</p> <p>[MTPF Steps 5 through 10]</p>
<p>FinancialFramework.xls</p> <p>Comments:</p>	<p>Reports currently submitted to Council on a monthly or quarterly basis</p> <p>Additional pages can be added to these reports to provide space for recording Final Priorities and Targets for presentment to Council for Approval</p> <p>[MTPF Step 5 Activities 2,3,4]</p>
<p>DepartmentalInstructions.xls</p> <p>Comments:</p>	<p>Budget call-sheets currently prepared for 1 year budgeting</p> <p>Change the template to add 4 additional years and utilize the concepts presented in Step 5 Activity 5.</p>
<p>Departmental Detail Plans and Estimates [Step 6]</p> <p>Comments:</p>	<p>Current method should be reviewed for worksheets for each account and supporting documentation maintained in binders.</p> <p>Below are some ideas for the department templates in manually preparing detail plans and estimates:</p>

Detail Plans and Estimates worksheet samples (templates for manual preparation)

The following summary worksheet prepared in an electronic spreadsheet is presented to demonstrate the concept of individual account worksheets (see next page) rolling up into a summary worksheet. This concept does not require adopting a spreadsheet, but requires individual account worksheets for every account and binders to keep them stored (with room for supporting documentation). This concept can be used where the computer model is adopted in the Finance department, but not available to other departments.

Summary Departmental Worksheet (for manual preparation)

	A	B	C	D	E	F
1						
2		PARKS MAINTENANCE SUMMARY				
3			2005	2006	2007	2008
4			Actual	ACTUAL	ACTUAL	BUDGET
5						
6		ADMINISTRATION				
7						
8	102316091200	Wages	24,090	51,213	46,407	55,420
9	102316091210	Sick	1,720	2,862	4,723	2,610
10	102316091211	Vacation	6,930	8,882	9,886	10,490
11	102316091400	Benefits	6,736	14,712	10,532	13,704
12	102316092110	Professional Development	3,200	4,701	3,838	5,200
13	102316092132	Telephone	0	2,176	1,530	1,500
14	102316094411	Rental - Own Equipment	5,500	6,120	11,810	6,695
15	102316095650	Small Tools	3,800	1,403	0	3,800
16	102316095930	Materials - Stationary	500	804	872	500
17						
18		SUB - TOTAL	\$52,476	\$92,873	\$89,598	\$99,919
19						
20		PARKS OPERATIONS				
21						
22	102316101200	Wages - General	24,160	30,841	27,600	31,100
23	102316101400	Benefits	4,850	4,738	5,797	6,168
24	102316102700	Contract Services	1,000	7,489	2,805	4,080
25	102316104292	Light & Power	2,000	2,015	2,306	2,000
26	102316104405	Water & Sewer Fees	0	0	0	0
27	102316104411	Rental - Own Equipment	12,400	8,874	13,391	13,450
28	102316105930	Materials & Supplies	13,200	16,401	13,836	16,000
29						
30		SUB - TOTAL	\$57,610	\$70,358	\$65,735	\$72,798
31						
32		GOLF CLUB				
33						
34	102316111200	Wages	0	3,098	3,864	3,600
35	102316111400	Benefits	0	523	805	720
36	102316114411	Rental - Own Equipment	0	1,088	12,681	11,900
37	102316115930	Materials & Supplies	0	0	1,063	0
38						
39		SUB - TOTAL	\$0	\$4,709	\$18,413	\$16,220
40						
41		VANDALISM				
42						
43	102316201200	Wages	3,980	2,521	5,981	4,260
44	102316201400	Benefits	796	601	938	852
45	102316204411	Rental - Own Equipment	1,400	540	1,754	1,575
46	102316205930	Materials & Supplies	3,000	13,394	16,000	13,000
47						
48		SUB - TOTAL	\$9,176	\$17,056	\$24,673	\$19,687
49						
50						
51						

Summary Project/Service Worksheet (for manual preparation)

1	BUDGET DETAIL SHEET				
2					
3	DESCRIPTION:	PARKS OPERATIONS		DATE:	2008-02-12
4					
5	HISTORY:	ACCOUNT:			
6		ACTUAL	ACTUAL	ACTUAL	BUDGET
7	YEAR	2005	2006	2007	2008
8	LABOUR:				\$0
9	EMP. CONTRIB.:				\$0
10	EQUIPMENT:				\$0
11	MATERIALS:				\$0
12	TOTALS:	\$0	\$0	\$0	\$0
13					
14	LABOUR:	PARTICULARS	UNIT RATE	HOURS	EXTENSION
15		LABOUR			\$0
16		OPERATOR			\$0
17		BENEFITS (20%)			\$0
18		TOTAL LABOUR:			\$0
19					
20	EQUIPMENT:	PARTICULARS	UNIT RATE	HOURS	EXTENSION
21		BACKHOE			\$0
22		TRUCK			\$0
23		PACKER			\$0
24		MOWER			\$0
25		GRADER			\$0
26		MISCELLANEOUS			\$0
27		TOTAL EQUIP:			\$0
28					
29	MATERIALS:	PARTICULARS	UNIT RATE	UNITS	EXTENSION
30		GRAVEL			\$0
31		ASPHALT			\$0
32		TOPSOIL			\$0
33					\$0
34		TOTAL MATERIAL:			\$0
35					
36		TOTAL PER UNIT:			\$0

Individual Account worksheet (for manual preparation)

1	BUDGET DETAIL SHEET				
2					
3	DESCRIPTION:	WAGES - PARKS OPERATIONS		DATE:	2008-02-12
4					
5	HISTORY:	ACCOUNT:			10-2-31610-1200
6		ACTUAL	ACTUAL	PROJECTED	BUDGET
7	YEAR	2005	2006	2007	2008
8	AMOUNT	\$24,160	\$30,841	\$30,500	\$31,100
9					
10	DESCRIPTION:	Hours	Rates	BUDGET	
11	Toro Cuts	108	20.28	\$2,200	
12	General	700	19.43	\$13,870	
13	Watering	210	19.81	\$4,170	
14	Foreman	184	27.03	\$4,980	
15	Public Works Crew	260	22.61	\$5,880	
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29		TOTAL:			\$31,100

Budget Summary

**Revenue
Expenditure**

Description	Previous Year Actual (2006)	Current Year 2007		2008 Request	2009 Request	2010 Request	2011 Request	2012 Request
		Budget	Revised					
<u>Revenue</u>								
Rates, Taxes, Sales								
Rents								
Licences								
Fees for Services								
Total Revenue								
<u>Recurrent Expenditure</u>								
General Administration								
Health Services								
Physical Planning								
Water Services								
Public Utilities								
Welfare Services								
Electricity								
Total Recurrent Expenditure								

Capital Expenditure								
New Equipment Outlay, Land Improvements & Structure Outlay								
Rehabilitation, Equipment Land Rehabilitation & Rehabilitation Structures								
Loan Repayments								
Total Capital Expenditure								
Total Expenditure								
Revenue over Expenditure								

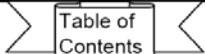
Appendix E: GL Inquiry Spreadsheet

The Inquiry.xls spreadsheet allows the user to inquire on a single or range of account numbers. The three inquiries worksheets are:

1. GL Inquiry – Year to Date
2. GL Inquiry – Monthly Account Balance
3. GL Inquiry – Forecasts

The user may select an accounting month, the year, and account number(s). More than one account number may be entered in the highlighted account number range and/or wildcard(s) “?” may be used.

GL Inquiry - Year To Date

	A	B	C	D	E	F
1	<input type="button" value="Refresh Data"/>					
2	GL INQUIRY - YEAR TO DATE					
3						
4						
5						
6	GL INQUIRY				Variance	Variance
7	Enter month/year:	May	2006	2007	over/(under)	% change
10	Year to date (Rs)		5,210,506	6,462,737	1,252,231	24%
11	Budget		18,292,760	24,693,100	6,400,340	35%
12	Over/(under) budget		(13,082,254)	(18,230,363)	(5,148,109)	
13						
14	Account		Account Name			
15	Enter account #(s)	1-?-41?	Administration - Personal Emoluments			
16	use wildcards (?)		0	-		
17			0	-		
18			0	-		
19			0	-		
20			0	-		
21			0	-		
22						
23						

File: Inquiry.xls

GL Inquiry – Monthly Account Balance

	A	B	C	D	E	F
1	Refresh Data					Table of Contents
2						
3	GL INQUIRY - MONTHLY ACCOUNT BALANCE					
5						
6	MONTHLY INQUIRY				Variance	Variance
7	Input month/year:	MayAct	2006	2007	over/(under)	% change
9	Monthly transaction totals		995,932	1,256,518	260,586	26%
10						
11		Account	Account Name			
12	Enter account #(s) use wildcards (?)	1-?-41?	Administration - Personal Emoluments			
13		0	-			
14		0	-			
15		0	-			
16		0	-			
17		0	-			
18		0	-			
19						
20						

File: Inquiry.xls

GL Inquiry – Forecasts

	A	B	C	D	E	F
1	Refresh Data					Table of Contents
2						
3	GL INQUIRY - FORECASTS					
5						
6	FORECAST INQUIRY				Variance	Variance
7		Enter year:	2008	2009	over/(under)	% change
10		Request	36,145,029	39,759,532	3,614,503	10%
11		Budget	-	-	-	na
12		Over/(under) budget	36,145,029	39,759,532	3,614,503	
13						
14		Account	Account Name			
15	Enter account #(s) use wildcards (?)	1-?-4??	Administration - Recurrent Expenditure			
16		0	-			
17		0	-			
18		0	-			
19		0	-			
20		0	-			
21		0	-			
22						
23						

File: Inquiry.xls

Appendix F: MTPF Budget Calendar

Stakeholders need to be aware of when key budget tasks, events, and decisions will occur so they have an opportunity to plan and to participate in the process. The preparation of a calendar helps ensure that all aspects of the budget process have been considered and that adequate time has been provided.

The following tables provide sample MTPF / budget calendars for the MTPF Team, the Council, the Chief Accountant, the Department Heads, and the Public. Each calendar specifies when budget tasks are to be completed and identifies timelines for those tasks. Further details have been added to the Chief Accountant's calendar to tie into the budget spreadsheet templates presented in this workbook.

MTPF Team: Activities, Timing and Deliverables

MTPF Team			
Timing	MTPF Step	Activity	Deliverables
January – April	Steps 1 - 4	-Community profile update -Initial priorities -Public meetings	Draft set of priorities from community workshops
May	Step 5	Set Final priorities based on financial framework	Return final priorities to Finance
June (1 st week)	Step 5	Prepare reports to council to approve priorities, targets and to set parameters for depts.	Present to Council work to date and list of Final Priorities.
August (last week)	Step 8	Produce for Council the draft MTPF document	Obtain Council approval on draft MTPF document
September	Step 9	Prepare information for public meetings	Schedule public meetings
October	Step 9	Conduct public meetings on approved draft MTPF	Obtain public feedback on draft plan
November (1 st week)	Step 10	Prepare for Council final notes and reports on MTPF	Obtain Council's approval on final MTPF document

Council: Activities, Timing and Deliverables

Council			
Timing	MTPF Step	Activity	Deliverables
March	Step 3	Discussion on the plan and materials for Community Workshops	Approve Plan and Materials
June	Step 5	Discussion on final priorities and targets and establish parameters for department heads to use in preparing the detail plans and estimates	Approve Budget parameters to be used by Department Heads (e.g. cost of living adjustment %)
September	Step 8	Discussion on Draft MTPF Document	Approve Draft MTPF Document
November	Step 10	Discussion on MTPF document and 5-year Financial Plan	Approve MTPF document and 5-year Financial Plan

Chief Accountant: Activities, Timing and Deliverables

Chief Accountant			
Timing	MTPF Step	Activity	Deliverables
January	Step 5	Update the account code segments and descriptions in the GL.xls file, under the account name tabs.	File: GL.xls Build worksheets: [ProgramName]; [ProjectNames]; [ObjectNames]
January	Step 5	Incorporate trial balances into Main Table in GL.xls [TableName: tblGL]	File: GL.xls Populate the 'Main Table'
February - March	Step 5	Enter amounts into the revenue and expenditure forecast worksheets	File: GL.xls Initial Forecast with notes
April	Step 5	Produce financial framework for MTPF Staff team to finalize priorities with	File: FinancialFramework.xls Template for Staff Team
May	Step 5	Set Revenue and Expenditure targets for final priorities	File: Financial Framework.xls (to be presented to Council) File: GL.xls (updating notes and continual building of the 5-Year Financial Plan)
June	Step 5	Reports to council to	File: FinancialFramework.xls

Chief Accountant			
Timing	MTPF Step	Activity	Deliverables
(1 st week)		approve priorities, targets and parameters for departments.	Presentation to Council File: GL.xls Update 5-Year Plan with changes and add notes
June (last week)	Step 5	Instructions to department heads with financial planning templates	File: DepartmentalInstructions.xls Provide Instructions / Templates to department heads.
August	Step 7	Consolidate detail development and operating plans and estimates received from departments	File: GL.xls Update 5-Year Plan with changes and add notes
August (last week)	Step 8	Prepare detailed and summary financial plans for Draft MTPF document.	File: FiveYearFinancialPlan.xls
September (last week)	Step 9	Prepare financial info for public meeting	File: FiveYearFinancialPlan.xls
November (1 st week)	Step 10	Prepare final notes and reports for Council deliberations	File: GL.xls File: FiveYearFinancialPlan.xls
November (last week)	Statutory Deadline	Submit Financial Plan to the Ministry	File: FiveYearFinancialPlan.xls

Department Heads: Activities, Timing and Deliverables

Department Heads			
Timing	MTPF Step	Activity	Deliverables
Throughout the year.	Step 6	Build file for detail development and operational plans and estimates	Detailed plans and estimates prepared for budget call
July	Financial Plan	Complete estimates to end of calendar year on mid-year monthly variance report	Return mid-year monthly variance report with Y/E estimates to Finance
August	Step 6	Complete the 5-year financial plan templates	Return completed templates to Finance

Public: Activities, Timing and Deliverables

Public			
Timing	MTPF Step	Activity	Deliverables
April	Step 3	Provide input into the creation of draft priorities for the local authority	Participation in community workshops
October	Step 9	Provide input in the draft MTPF document presented	Participation in public meeting
November	Financial Plan	Attend public meeting re the 5-Year Financial Plan	Participate in public meeting

Appendix G: Glossary

<p>Medium Term Development & Operational Priorities and Financial Frameworks (MTPF)</p>	<p>The MTPF sets out the local Authority’s (LA) priorities and actions to be implemented within a financial framework spanning over a five year period. And this process is repeated on a 5-year cycle. The difference between a normal Budget process and the MTPF Budget process is that instead for a single year MTPF is essentially a five year budget process.</p>
<p>Annual Budget Process</p>	<p>The annual budget process consists of activities to produce a financial plan for the provision of services and capital assets on an annual basis. The annual budget process ensures that the financial plan acts in accordance with the goals (priorities and targets) established through the MTPF plan.</p> <p>The annual budget process helps decision makers make informed choices about the provision of services and capital assets and continues to promote stakeholder participation in the process.</p>
<p>Financial Plan (FP)</p>	<p>The Financial Plan is a five-year plan that is adopted by Council through bylaw each year. It shows a plan of revenues matching expenditures for the established goals (priorities and targets) set out in the MTPF that are reviewed each year in the annual budget process.</p> <p>The financial plan is the single most important policy decision council will make each year.</p>
<p>Budget</p>	<p>Good budgeting is a broadly defined process that has political, managerial, planning, communication, and financial dimensions.</p> <p>Budget is a term used to refer to a particular financial plan adopted by Council through bylaw each year.</p> <p>A local authority’s budget consists of revenue and expenditure amounts attributed to each program in aggregate and the capital expenditures in aggregate as approved through the budget (Five Year Financial Plan) bylaw.</p> <p>An amount attributed to either a single or group of account numbers, for which the aggregate makes up the adopted budget, is referred to as a ‘line budget amount’.</p> <p>An amendment to the overall program budget amount may be made with Council’s adoption of a ‘budget amendment bylaw’. However, changes to ‘line budget amounts’ that do not affect the total budget for a particular program are more simply made through a council resolution.</p>
<p>Request</p>	<p>Request is the term used when building the financial plan and</p>

	<p>refers to the forecasted or planned amounts which will become the budget once adopted by Council through bylaw. The term ‘Request’ appears on all reports and templates used in the building process of the financial plan.</p> <p>The requested amounts will change throughout the budget building process until the adoption of the budget by Council through bylaw. At that time the request will equal the line budget amounts and although the line budget amounts may change throughout the year, the request will not change. Accordingly, the ‘Request’ amounts will later be referred to as the “original budget adopted by Council”.</p>
Forecast	<p>The forecast is a prediction of what will likely happen, based on trends from what has happened in the past and current knowledge of the situations involved.</p> <p>The MTPF uses forecasting to predict future revenues and expenditures in establishing the local authority’s initial five-year financial plan (Step 5 Activity 1).</p> <p>Financial forecasting is revisited annually to adjust what was thought to happen as new information comes forward, such as: anticipated revenues (one off revenue opportunities), updates on maintenance levels required, betterment opportunities, and contingency planning.</p> <p>In the MTPF Step 5 - Activity 1 the Chief Accountant provides a detail 5-year forecast on each account, based on: the revenues and expenditures of the previous five years; and the targets set and measures to be undertaken to improve revenue mobilization.</p> <p>The department heads also engage in forecasting activities when they ‘Assemble their Summary Five-Year Work Plan and Budget’ (Step 6 - Activity 3). Department heads perform forecasting activities each year in the annual budget process.</p> <p>The forecasts are also referred to as ‘Requests’ throughout the annual budget planning process and are identified on the 5-year financial planning templates as “Request”.</p>
Main Table	<p>The ‘main table’ refers to the MS Excel data table that contains the historic, current and future accounting (revenue and expenditure) information for the local authority. The main table is found in the spreadsheet, ‘GL.xls’ on the worksheet tab ‘MainTable’. Once the historic accounting information has been setup in this worksheet, the finance department updates the table with the monthly account balances from the ledgers.</p> <p>The main table is named, ‘tblGL’. The common reference for this table for linking purpose.</p>

Stakeholder	The term “stakeholder” refers to anyone affected by or has a stake in government. This term includes, but is not limited to: citizens, customers, elected officials, management, employees and their representatives (whether unions or other agents), businesses, other governments, and the media.
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